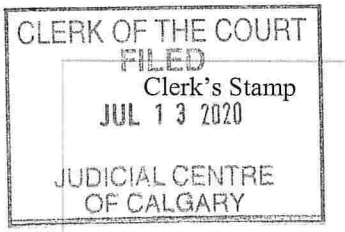
COURT FILE NUMBER	2001 - 08434
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY



MATTER	IN THE MATTER OF SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, C. C-44, AS AMENDED AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF 12178711 CANADA INC., CALFRAC WELL SERVICES LTD., CALFRAC (CANADA) INC., CALFRAC WELL SERVICES CORP. and CALFRAC HOLDINGS LP, by its General Partner CALFRAC (CANADA) INC.
APPLICANTS	12178711 CANADA INC., CALFRAC WELL SERVICES LTD., CALFRAC (CANADA) INC., CALFRAC WELL SERVICES CORP. and CALFRAC HOLDINGS LP, by its General Partner CALFRAC (CANADA) INC.
RESPONDENT	Not Applicable
DOCUMENT	**AFFIDAVIT OF RONALD P. MATHISON** VOLUME 1 of 2

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Solicitor: Chris Simard / Kevin Zych / Michael Shakra
Telephone: 403-298-4485 / 416-777-5738 / 416-777-6236
Facsimile: 403-260-7024 / 416-862-6666 / 416-862-6666
Email: simardc@bennettjones.com/ zychk@bennettjones.com / shakram@bennettjones.com

File Number: 044609-00111

AFFIDAVIT OF RONALD P. MATHISON

Sworn on July 13, 2020

I, Ronald P. Mathison, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am a co-founder, the Executive Chairman and a director of Calfrac Well Services Ltd. ("**Calfrac**"), a Director and Chairman of Calfrac (Canada) Inc. ("**CCI**") and a director of 12178711 Canada Inc. ("**Calfrac Arrangeco**"), and as such I have personal knowledge of the matters hereinafter deposed to, save where stated to be based on information and belief, in which case I verily believe the same to be true.

2. All dollar figures stated herein are in Canadian dollars unless otherwise indicated, and all conversions from US dollars to Canadian dollars were made at the official Bank of Canada exchange rate for July 10, 2020, being $1.3594 US dollars for $1.00 Canadian dollar.

I. RELIEF REQUESTED

3. This Affidavit is made in support of an Originating Application (the "**Originating Application**") by Calfrac Arrangeco, Calfrac, CCI, Calfrac Well Services Corp. ("**CWSC**") and Calfrac Holdings LP ("**CHLP**"), by its general partner CCI (collectively hereinafter, the "**Calfrac Entities**" or the "**Applicants**") with respect to a proposed arrangement (the "**Arrangement**") under section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "**CBCA**"), and an Order (the "**Preliminary Interim Order**") in substantially the same form as the draft order attached as Schedule "A" to the Originating Application filed concurrently with this Affidavit, including the following relief:

   (a) deeming service of the Application for the Preliminary Interim Order to be good and sufficient;

   (b) declaring that all of the Calfrac Entities (as defined below) are entities subject to these proceedings and authorizing them to take all steps necessary or desirable to advance the Arrangement and the Recapitalization Transaction (defined below);

(c) establishing record dates of July 13, 2020 for determination of the Unsecured Noteholders and Common Shareholders (both defined below) entitled to notice of, and to vote at, meetings to vote on the Arrangement, and ancillary relief related thereto;

(d) providing a stay of proceedings as against the Applicants and the other members of the Calfrac Entities;

(e) providing that any limitation period or cure period expiring on or after the date of the Preliminary Interim Order shall be tolled and extended for the duration of the stay of proceedings;

(f) providing for the right of any interested party to apply for a comeback hearing to amend or vary the Preliminary Interim Order, on seven business days' notice to the Applicants and any other parties likely to be affected by the order sought at such hearing; and

(g) such further and other relief as this Honourable Court deems just.

4. The Calfrac Entities are parties to this Action and entities subject to these proceedings, who are anticipated to be parties to the transactions comprising and contemplated by the Recapitalization Transaction and the Arrangement.

II. OVERVIEW

The Calfrac Group

5. As described in further detail below, Calfrac and all of its direct and indirect subsidiaries (collectively, the "**Calfrac Group**") provide specialized energy services to oil and natural gas producers in Canada, the United States ("**US**"), Russia and Argentina. The Calfrac Group's services are focused primarily on hydraulic fracturing, coiled tubing and cementing, but it also provides other well stimulation services designed to increase the production of hydrocarbons from wells.

6. Calfrac is a public company whose common shares (the "**Common Shares**") trade on the Toronto Stock Exchange ("**TSX**") under the symbol "CFW". As at today's date, Calfrac has 145,171,194 issued and outstanding Common Shares. Calfrac directly or indirectly controls or owns all the other entities in the Calfrac Group.

Challenges in the Global Energy Market, and in particular, the Oilfield Services Industry

7. Global energy markets have been experiencing numerous industry challenges, including significant downward pressure on commodity prices, in recent years. Very recently, beginning in the first quarter of 2020, global energy markets and commodity prices have suffered precipitous declines due to material oversupply as a result of:

   (a) a historic and unprecedented drop in demand as a result of the global COVID-19 crisis; and

   (b) the price war between the OPEC+ countries, including Saudi Arabia and Russia.

8. Severely depressed energy prices have resulted in oil and gas exploration and production companies, who are the Calfrac Group's customers, materially reducing their capital expenditure budgets. These capital expenditure reductions have in turn resulted in a precipitous decline in the demand for oilfield services, and in particular fracturing services, which accounts for greater than 90% of the Calfrac Group's revenues. The combined effects of depressed commodity prices, reduced capital spending by oil and gas producers and resulting excess well servicing equipment has created an intensely competitive environment within the oilfield services market. These factors have collectively created unsustainable pricing and activity levels in the oilfield services industry that have directly and negatively impacted the revenues and profitability of oilfield service companies like the Calfrac Group and its competitors.

Challenges Specific to the Western Canadian Energy Market

9. These challenges have been particularly amplified in Western Canada, and have had a materially greater negative impact in this market, since 2014. While Western Canadian

energy producers compete to sell their products in an integrated global market, a number of factors disadvantage them against their global, and particularly their US, competitors.

10. Because of a lack of new and expanded pipeline egress capacity from Western Canada, and the resulting limited export market access, Western Canadian oil and natural gas producers have experienced lower pricing relative to other North American and global markets over the past decade. The price differential per barrel for Western Canadian crude versus West Texas Intermediate has been as high as US$47 (in October 2018) in the last few years. Natural gas prices in Alberta and British Columbia have also been very constrained in recent years.

11. This has compromised the ability of Western Canadian energy producers to operate profitably and attract capital for growth, relative to their US peers. The capital budgets of Western Canadian oil and gas producers have been reduced more severely and negatively relative to other markets, particularly the US. This has resulted in greater negative impacts on oilfield services activity in Western Canada.

12. As is described in greater detail below, these market dynamics have required the Calfrac Group to continue executing on its strategy of flexibly allocating its field workforce and equipment to its most active and profitable operating areas. This allocation has resulted in Calfrac moving assets out of a structurally impaired Canadian marketplace and consistently growing its presence in a number of basins in the US. This continuous reallocation of assets has allowed the Calfrac Group to maintain acceptable financial performance and a strong market position in Canada, while executing a lower-cost growth strategy in the US, focused on gaining scale in specific markets while managing client risk prudently.

13. The various proposals currently in progress to increase Western Canadian oil producers' access to international markets (including the TMX and Keystone XL pipeline expansions) are anticipated to improve Calfrac's Western Canadian customers' relative competitiveness and the returns available to oilfield services companies in Canada, but the timing and magnitude of these developments remains uncertain. Should the demand for pressure pumping services in Western Canada grow materially as a result of improved market access and cash flow for produced commodities, the Calfrac Group in its current

configuration retains the ability to redeploy a significant amount of assets to ensure balance in the marketplace, without requiring significant capital outlays.

Recent Events

14. Due to the COVID-19 global pandemic and the ensuing OPEC+ oil price war, oil prices fell to historic lows, including negative prices in certain markets, and as a result, well completion activity in North America declined by almost 90% and was completely shut-down in Argentina by a mandatory government decree. By way of illustration, to the best of my knowledge the number of active fracturing fleets in the US fell from 317 as of the first week of March 2020 to a low of 45 active fleets during the weeks of May 15 and May 22. In addition, to the best of my knowledge the total US and Canadian rig counts as of on or around July 3, which are proxies for future demand for the Calfrac Group's services in those markets, were at or near all-times lows of 263 and 18, respectively.

15. For the Calfrac Group, this meant a severe reduction in work was experienced in a matter of a few weeks after the Exchange Offer (as defined below). In its North American operations the Calfrac Group's operations decreased – from a high of 18 active fracturing fleets in the first quarter of 2020 – to only one fracturing fleet generating revenue during periods of the month of May. In Argentina, all of the Calfrac Group's operations were shut-down by a mandatory governmental decree. In Russia, the Calfrac Group was able to manage the COVID-19 restrictions without materially affecting ongoing operations, however, this activity was insufficient to overcome the pricing and activity declines experienced by the rest of the Calfrac Group's operating divisions.

16. For the Calfrac Group, this material degradation of global industry fundamentals has created a challenging liquidity position where the current capital structure is no longer tenable. Prior to these events, the Calfrac Group had been aware of the risks of elevated debt levels and in response had devised a multi-year plan to address this issue, in advance of the 2026 maturities of its debt instruments. In spite of the challenges the industry has faced since late 2014, the Calfrac Group felt it was in a position to reduce its debt level over the medium- to long-term, and would be able to withstand a normal, cyclical downturn during that process. What was not contemplated or foreseeable was the scale of reduction

in the business in a matter of weeks as a result of the oil market collapse caused by COVID-19 and the OPEC+ price war, and the consequent impacts on liquidity.

17. These challenges have resulted in, among other things, a capital structure and liquidity position that is no longer sustainable in light of the Company's operating income, and inadequate financial flexibility for the Calfrac Group to effectively advance its business going forward.

The Calfrac Group's Work Towards a Recapitalization Plan and Arrangement

The Calfrac Group's Work to Date

18. As discussed in more detail below, the Calfrac Group, with the assistance of its financial and legal advisors, proactively undertook a financial structure review process, in consultation with certain of its key stakeholders, with a view to improving the Calfrac Group's capital structure and access to liquidity, addressing the Calfrac Group's leverage, strengthening its financial position and maximizing value for its stakeholders.

19. In early 2020, Calfrac engaged its legal advisors (Bennett Jones LLP in Canada and Latham & Watkins, LLP in the US) and its financial advisors (RBC Capital Markets and Tudor, Pickering, Holt & Co./Perella Weinberg Partners LP) to assist it in developing the Recapitalization Transaction (as defined below), which has the goals of:

(a) right-sizing the Calfrac Group's capital structure;

(b) reducing the Calfrac Group's annual interest expenses; and

(c) increasing the Calfrac Group's working capital and liquidity.

20. The stakeholders who are proposed to be affected by the Arrangement are the holders of the Unsecured Notes and Common Shares (as those terms are defined below, and collectively hereinafter the "**Affected Securityholders**"). The Calfrac Group and its representatives have engaged in discussions with certain of the Affected Securityholders, other stakeholders, and their respective representatives. Based on the size and nature of the obligations owed to the Affected Securityholders and the composition of the Affected

Securityholders, I believe that an arrangement is required to implement the Recapitalization Transaction. I also believe that a consensual Recapitalization Transaction will provide the best opportunity for the Calfrac Group to achieve a sustainable capital structure, and to preserve and maximize current and future value for all its stakeholders.

21. The Calfrac Group and its representatives have been and are currently engaged in discussions with holders of Unsecured Notes who advise that they collectively hold a majority of the Unsecured Notes, and with Common Shareholders whom I believe collectively hold approximately 40% of the Common Shares.

A Description of the Arrangement

22. The purpose of the Arrangement is to give effect to a proposed recapitalization transaction (the "**Recapitalization Transaction**"). While exact details of the Recapitalization Transaction are still subject to discussion with the engaged group of Affected Securityholders, it is contemplated that the Recapitalization Transaction will have the following core elements.

23. The Arrangement and the Recapitalization Transaction will not affect or compromise the following stakeholders:

    (a) the Calfrac Group's secured creditors (the First Lien Lenders and the Second Lien Noteholders, both as defined below);

    (b) the Calfrac Group's customers;

    (c) the Calfrac Group's employees; and

    (d) the Calfrac Group's trade creditors.

24. The Recapitalization Transaction is expected to include:

    (a) a significant deleveraging of the Calfrac Group's balance sheet, by way of a direct or indirect exchange of the Unsecured Notes for new common shares; and

(b) the provision of new capital, by way of new financing, to allow the Calfrac Group to execute on its business plan while preserving the interests of employees, customers, and suppliers and maintaining the key relationships and continued involvement of stakeholders that are integral and necessary to the Calfrac Group's future success.

While the details of the Recapitalization Transaction are still being finalized, it is expected that the Recapitalization Transaction could reduce the Calfrac Group's total debt by approximately US$431,818,000 (CA$587,013,389) and reduce its annual cash interest payments by approximately US$36,704,530 (CA$49,896,138).

25. Following a consideration of various alternatives in consultation with its financial and legal advisors, the Calfrac Group is of the view that the proposed Recapitalization Transaction under discussion is the best available option in the circumstances and is in the best interests of the Calfrac Group and its stakeholders.

26. The Calfrac Group and its advisors continue to work with its stakeholders to advance and finalize the terms of the Recapitalization Transaction. There has been substantial progress made in discussions with the key stakeholders to date. With the benefit of the Preliminary Interim Order currently being sought, I believe that the parties will be able to finalize definitive agreements in the short term, after which the Calfrac Group intends to bring an application for an Interim Order under the CBCA, seeking authority to call meetings of its Affected Securityholders, to vote on the Arrangement.

27. Importantly, the First Lien Lenders support the current process. In this regard, the First Lien Lenders confirmed on July 10, 2020 that, to the extent that the commencement of these proceedings is an event of default under the credit agreement, such event of default has been waived Attached as **Exhibit "1"** to this Affidavit is a true copy of that signed waiver.

My Connection to MATCO and Conflict of Interest Avoidance Measures

28. MATCO Investments Ltd. ("**MATCO**") is, along with me personally, a large shareholder of Calfrac. Together, MATCO and I hold approximately 19.86% of the Common Shares.

I own and control MATCO. To ensure that no conflicts of interest arose or could potentially arise, several proactive governance measures have been put in place, including:

(a) Mr. Gregory S. Fletcher, the independent Lead Director of Calfrac, has taken a lead role on behalf of Calfrac in working with Calfrac's financial advisors and legal counsel to negotiate the proposed terms of the Arrangement, and Recapitalization Transaction;

(b) in connection with my potential participation, through MATCO, in the Recapitalization Transaction, I have advised Calfrac and the board of directors of Calfrac (the "**Calfrac Board**") that MATCO's participation will be determined based upon the terms proposed by Calfrac (through Mr. Fletcher) after negotiations with other key Affected Securityholders and that MATCO will not set terms for the Recapitalization Transaction;

(c) MATCO's potential participation in the Recapitalization Transaction was raised with the Calfrac Board prior to the commencement of any negotiations with third parties, and the Calfrac Board determined that Mr. Fletcher would serve the lead role on behalf of Calfrac in such funding discussions and negotiations;

(d) Mr. Fletcher's Calfrac Board-approved position description, as Lead Director, includes serving as the primary independent contact for directors of Calfrac on matters deemed to be inappropriate to be discussed initially with the Executive Chairman or in other situations where the Executive Chairman is not available and, further to that role, Mr. Fletcher has directly updated the Calfrac Board on a regular basis as to the status of the proposed Arrangement and the Recapitalization transaction including, to my knowledge, through *in camera* sessions where I was not present; and

(e) the Calfrac Board has directly received advice from Calfrac's legal counsel and financial advisors concerning the proposed Recapitalization Transaction. The Calfrac Board anticipates obtaining a fairness opinion with respect to the Recapitalization Transaction.

III. CORPORATE STRUCTURE OF THE CALFRAC GROUP

Calfrac

29. Calfrac is a corporation amalgamated under the Alberta *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "**ABCA**"). A current Corporate Registry search of Calfrac is attached as **Exhibit "2"** to this Affidavit.

Calfrac (Canada) Inc. ("CCI")

30. CCI is a corporation incorporated under the ABCA. A current Corporate Registry search of CCI is attached as **Exhibit "3"** to this Affidavit.

31. CCI is owned 100% by Calfrac.

Calfrac Holdings LP ("CHLP")

32. CHLP is a partnership registered pursuant to the laws of the State of Delaware, U.S.A. A current Corporate Registry search of CHLP is attached as **Exhibit "4"** to this Affidavit.

33. CCI is the General Partner of CHLP. Calfrac holds 98.9% of the limited partnership units of CHLP and CCI holds the remaining 1.1% of the limited partnership units.

Calfrac Well Services Corp. ("CWSC")

34. CWSC is a corporation incorporated pursuant to the laws of the State of Colorado, U.S.A. A current Corporate Registry search of CWSC is attached as **Exhibit "5"** to this Affidavit.

35. CWSC is owned 100% by Calfrac.

12178711 Canada Inc. ("Calfrac Arrangeco")

36. Calfrac Arrangeco is a corporation incorporated pursuant to the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "**CBCA**"). The Certificate of Incorporation of Calfrac Arrangeco is attached as **Exhibit "6"** to this Affidavit.

37. Calfrac Arrangeco is owned 100% by Calfrac. Calfrac Arrangeco does not have any operations and has no liabilities.

38. It is anticipated that as part of the Recapitalization Transaction and Arrangement, Calfrac Arrangeco will amalgamate with some or all of the corporations in the Calfrac Group.

IV. HIGHLIGHTS OF THE CALFRAC GROUP'S BUSINESS

39. The Calfrac Group is a leading independent global provider of specialized oilfield services including fracturing, coiled tubing, cementing and other well stimulation services which are designed to increase the production of hydrocarbons from wells. As noted above, the Calfrac Group's operations are currently conducted in Canada, the United States, Argentina, and Russia.

Fracturing Services

40. The Calfrac Group's primary service line in all jurisdictions is fracturing. This segment is able to provide fracture stimulation services for both conventional and unconventional (shale) wells and can deploy a wide range of fracturing fluid solutions as required by the client's well completion program. To the best of my knowledge, the Calfrac Group has the 8th largest fracturing services fleet (as measured by hydraulic horsepower capacity) in North America. To the best of my knowledge, Calfrac has the 3rd largest fracturing fleet in Canada by horsepower and was the second largest fracturing operator by revenue in Canada in 2019.

Coiled Tubing Services

41. Calfrac’s Coiled Tubing service line operates in Canada, Argentina and Russia. In Canada, the segment’s primary focus is supporting the provision of specialized fracturing services in Western Canada. Additionally, the segment provides some call-out well service work, typically completed after a fracturing operation has been executed. In Argentina and Russia, the segment is more stand-alone, and operates primarily as a well servicing business, working on wells already on production as well as some post-fracturing operations.

Cementing Services

42. The Calfrac Group only operates cementing services in Argentina, although a number of employees with the group have extensive experience in cementing in North America and other jurisdictions. In Argentina, the cementing segment provides both primary cementing services (the process of securing and isolating a new well bore, by pumping cement between the steel casing string and the rock formation around it) and remedial cementing services (a process of conducting cementing operations on an already existing wellbore).

History of the Business and International Expansion

43. The Calfrac Group's business was established in June 1999 in Calgary, and it began operations with a single coiled tubing unit operating in Medicine Hat, Alberta in August 1999. By December 31, 2001, Calfrac 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.

44. With the commencement of operations in Platteville, Colorado during 2002, Calfrac began a period of significant international expansion in parallel with the continued growth of its Canadian business. This international expansion continued with entries into the well servicing markets of Russia (2005), Mexico (2007), Argentina (2008), Colombia (2011) and the incremental expansion of its footprint in the US through to 2017.

45. Described below are some additional relevant operational milestones to showcase examples of how the Calfrac Group has grown, shifted and altered its activities in different regions, in response to domestic oil and gas market conditions and the related demand for oilfield services, among other factors:

(a) in 2005 the Calfrac Group opened a facility in Grand, Junction, Colorado, and its fourth Canadian district office in Strathmore, Alberta.

(b) in 2007, the Calfrac Group (i) opened an operating base in Edson, Alberta, and acquired a Canadian competitor for approximately $24.9 million;

(c) in 2009, the Calfrac Group: (i) established operating bases in Dawson Creek, British Columbia and Poza Rica, Mexico; (ii) acquired Pure Energy Services Ltd., a US competitor for approximately $44.5 million; and (iii) acquired Century Oilfield Services Inc., a Canadian competitor for approximately $100 million;

(d) in 2010, the Calfrac Group established a presence in the Marcellus region in Smithfield, Pennsylvania and the Bakken region in Williston, North Dakota;

(e) in 2012 the Calfrac Group opened facilities in Smithfield, Pennsylvania and Williston, North Dakota;

(f) in 2013, the Calfrac Group acquired certain assets of Mission Well Services, LLC, a US competitor, for approximately $150.5 million, including its Eagle Ford basin operating base in San Antonio, Texas;

(g) in 2015, the Calfrac Group withdrew from Colombia and established operating bases at Kindersley, Saskatchewan and Comodoro Rivadavia, Argentina;

(h) in 2016, the Calfrac Group temporarily suspended its activities out of its Medicine Hat, Alberta, and San Antonio, Texas operating facilities;

(i) in 2017, the Calfrac Group closed all its operations in Mexico and established an operating base in Artesia, New Mexico serving the Permian Basin;

(j) in 2019, the Calfrac Group acquired equipment and spare parts from an Argentine competitor for approximately $17.3 million and sold its operating base in Platteville, Colorado in the fourth quarter of 2019; and

(k) in 2020, the Calfrac Group temporarily reduced personnel in San Antonio, Texas and Artesia, New Mexico to non-operational levels.

46. Calfrac's entry into the foreign markets mentioned above was orchestrated by the management team in the Calgary Head Office (defined below) and strategically executed by deploying key management and/or operational personnel from Canada to the respective foreign countries to oversee the establishment and implementation of the business

consistent with Calfrac's financial and operating principles and procedures developed at the Calgary Head Office.

47. As the challenges to the global energy markets evolved over recent years, the opportunities for growth in certain markets declined and the Calfrac Group's management team in Calgary took steps to rationalize its global operating footprint by allocating equipment and resources to regions and services with relatively superior field activity and operating margins, as evidenced by: the closure of operations in Colombia in 2015, Mexico in 2017 and Platteville, Colorado in 2019; the temporary reduction of personnel in San Antonio, Texas and Artesia, New Mexico to non-operational levels in 2020; the cessation of cementing operations in Canada in 2010 and the US in 2016; and the cessation of coiled tubing services in the US in 2016.

48. The Calfrac Group's ability to reallocate equipment and operating personnel to more economically favourable operating areas with relatively low investment has resulted in a shift of the Calfrac Group's originally Canadian-centric global operations to a greater allocation of operating equipment to the US, as a result of it being the largest hydraulic fracturing market in the world. This shift has removed excess equipment from the Canadian marketplace and has been the primary cause for the financial results of the Canadian division being materially better than they otherwise would be.

49. For the reasons set out above, an important aspect of the Calfrac Group's business model is the ability to strategically shift focus and resources between Canada and other markets to respond to changing oil prices and activity levels by region and the development of new "hot spots" for fracturing services. This is one reason the Calfrac Group has grown its US operations of late, and why the Calfrac Group's US entity currently holds much of the group's fracturing equipment – the US is the largest and most scalable market for fracturing in the world. The Calfrac Group's shift to focus on the US market and move resources to it is a response to market conditions and a desire to maximize profitability. It is not and has never been part of a plan to move the Calfrac Group's nerve center or corporate decision-making to the US. As a co-founder, I can further attest to the intent at all times

in the Calfrac Group's history to remain a Canadian company, with additional success and growth, where available, to also be pursued in the US and other international markets.

Conclusion on the Calfrac Group's Diversified Business

50. The structure of the Calfrac Group, specifically its presence in both Canada and the United States, provides a number of benefits to its stakeholders. Customers benefit from lessons learned and innovations uncovered in basins where they have no presence, and this knowledge transfer can significantly improve the learning curve for the Calfrac Group's customers that in many cases depend on service companies for new ideas. For investors, the ability to reposition assets on either side of the border is a valuable one and cannot be replicated by unaffiliated entities at the same cost in aggregate. Additionally, having a presence in multiple basins can be a source of new business as producers expand into new areas. Finally, a number of the processes the Calfrac Group has embraced are only possible due to its overall scale. Implementing the Calfrac Group's scope of Quality, Health, Safety and Environment processes and procedures and other administrative support systems do not represent a compelling investment for smaller, basin-specific service companies. The size and breadth of the operations of the Calfrac Group allow it to bring these best-in-class approaches to all of its operating areas, which are generally not actionable by smaller competitors who lack the global experience and scalability of the Calfrac Group.

V. THE HIGHLY INTEGRATED BUSINESS OF THE CALFRAC GROUP AND ITS CENTER OF MAIN INTEREST

The Calgary Head Office

51. Calfrac is the ultimate parent of all entities in the Calfrac Group, and is also the main and central managerial, technological and financial entity in the Calfrac Group, as well as the second largest operating entity. Calfrac's headquarters and principal executive office is located at 411 - and 407 - 8th Avenue SW, Calgary, Alberta T2P 1E3 (the "**Calgary Head Office**").

52. The Calgary Head Office is the headquarters for both Calfrac, and for the entire Calfrac Group more broadly.

The Directors and Executive Officers of the Calfrac Group and their Respective Authority

53. The Calfrac Group's business is fully integrated, with the "nerve center" for the entire group based in Calgary. The following Directors and Executive Officers of the entities in the Calfrac Entities are all residents of Calgary, or the surrounding areas and perform their duties out of the Calgary Head Office:

(a) Ronald P. Mathison – co-founder, Director and Executive Chairman of Calfrac; Director and Chairman of CCI and a Director of Calfrac Arrangeco;

(b) Douglas R. Ramsay – co-founder, Director and Vice Chairman of Calfrac; Director of CCI; and Director of Calfrac Arrangeco;

(c) Kevin R. Baker – Director of Calfrac;

(d) James S. Blair – Director of Calfrac;

(e) Gregory S. Fletcher – Lead Director of Calfrac;

(f) Lorne A. Gartner – Director of Calfrac;

(g) Michael D. Olinek – Chief Financial Officer of Calfrac, CWSC, CCI, CHLP and Calfrac Arrangeco;

(h) Gordon T. Milgate – President, Canadian Division of Calfrac;

(i) Chris K. Gall – Vice President, Global Supply Chain of Calfrac and CWSC;

(j) Edward L. Oke – Vice President, Human Resources of Calfrac and CWSC;

(k) B. Mark Paslawski – Vice President, Corporate Development of Calfrac and CWSC; Secretary of CCI, CHLP and Calfrac Arrangeco;

(l) Gary J. Rokosh – Vice President, Business Development, Canadian Division of Calfrac;

(m) Scott A. Treadwell – Vice President, Capital Markets and Strategy of Calfrac and CWSC; and

(n) Joel S. Gaucher – General Counsel and Corporate Secretary of Calfrac and CWSC.

54. Lindsay R. Link holds the following positions:

(a) Director, President and Chief Operating Officer of each of Calfrac, CCI and Calfrac Arrangeco;

(b) Director and the Chief Operating Officer of CWSC; and

(c) Chief Operating Officer of CHLP.

Mr. Link was originally hired as the President of CWSC in February 2013 and was appointed as the Chief Operating Officer of Calfrac in January 2015. Mr. Link's appointment as COO of Calfrac was conditional upon his relocation to the Calgary Head Office to work alongside the senior executive leadership team of the Calfrac Group, which occurred in October 2015 when Mr. Link moved to Calgary. Mr. Link was then requested by the Calfrac Group to temporarily relocate to Denver, Colorado, the head office of CWSC, to oversee its day-to-day operations on behalf of the Calfrac Group, given certain operational and management issues the US operating division was then facing. Mr. Link subsequently was requested by the Calfrac Group to relocate to Houston, TX, to maintain close ties with CWSC's key customer base on behalf of the senior executive team in Calgary. Mr. Link was most recently promoted to President and Chief Operating Officer of Calfrac in June 2019. While he is a Canadian citizen and continues to own property in Alberta, Mr. Link is not currently a resident of Calgary, but typically splits his time between the Calgary Head Office and the Houston Office, located at 28420 Hardy Toll Rd Suite 100, Spring, TX 77373 for the purposes of performing his duties.

55. The only other Directors and/or Executive Officers the Calfrac Entities who are not residents of Calgary and do not typically perform their duties exclusively out of the Calgary Head Office are:

(a) Robert L. Sutherland – President, Russian Division of Calfrac. Mr. Sutherland is a Canadian citizen who resides in Okotoks, Alberta and splits his time between Canada and Russia;

(b) Fred L. Toney – President, United States Division of Calfrac; Director and President of CWSC; Operating Manager of CHLP;

(c) Marco A. Aranguren – Director General, Argentina of Calfrac;

(d) J. Michael Brown – Vice President, Technical Services of Calfrac and CWSC;

(e) Mark R. Ellingson – Vice President, Sales and Marketing, United States Division of Calfrac; Vice President, Sales and Marketing of CWSC; Sales Manager of CHLP; and

(f) Mark D. Rosen – Vice President, Operations, United States Division of Calfrac; Vice President, Operations of CWSC.

(the individuals named in paragraphs 53(h) through (n) and 55 are referred to collectively hereinafter as the "**Larger Management Team**").

56. The Larger Management Team is overseen by a core executive management team comprised of Messrs. Link, Olinek and myself ("**Core Executive Team**"). The Core Executive Team are all Canadian and two of the three members are located exclusively in Calgary,

57. The Larger Management Team, with the participation and oversight of the Core Executive Team, develops all short, medium and long-term corporate strategies for the entire Calfrac Group. The Presidents of each of the Calfrac Group's geographic operating divisions, the Chief Financial Officer and the leaders of the Calfrac Group's corporate functional departments all report to the President and COO, who in turn reports to me as Executive Chairman. As Executive Chairman, I report to the Calfrac Board. Annual budgets and quarterly forecasts for all of the entities in the Calfrac Group are reviewed and approved by the Core Executive Team, and subsequently, by the Calfrac Board. Senior personnel in all of the Calfrac Group's geographic operating divisions and corporate functional

departments are assigned fixed signing authority limits, which are based upon their specific roles and responsibilities. All expenditures or contracts above these prescribed limits must be approved by the Core Executive Team. Between the annual budgets and quarterly forecasts set by the Core Executive Team and the expenditure and signing authority limits, there is virtually no non-budgetary expenditure or material operating commitment discretion at the divisional or departmental level. All such discretion is exercised at the Core Executive Team level.

58. The Calfrac Group's business includes the following geographic operating divisions, with the current active service lines of each division identified:

(a) Canadian Division, which is carried on by Calfrac: hydraulic fracturing and coiled tubing;

(b) US Division, which is carried on by CWSC: hydraulic fracturing;

(c) Russian Division, which is carried on by CWS International LLC, a Russian corporation: hydraulic fracturing and coiled tubing; and

(d) Argentina Division, which is carried on by Calfrac Well Services (Argentina) S.A., an Argentinian corporation: hydraulic fracturing, cementing and coiled tubing.

59. The Calfrac Group's operating divisions are supported by the following corporate functional departments:

(a) Global Supply Chain;

(b) Technical Services;

(c) Legal;

(d) Human Resources;

(e) Corporate Finance and Global IT; and

(f) Global Quality, Health, Safety and Environment.

60. Subject to certain limited exceptions, each operating division entity owns its operating assets and employs its staff directly and not via secondment or other support arrangements with other members of the Calfrac Group. Employees of the corporate functional departments of the Calfrac Group are generally employed by the Calfrac operating entity in the jurisdiction where they report on a daily basis, and as a result, the vast majority of such functional employees are employed by Calfrac and located at the Calgary Head Office. One exception is the Russian Division, which relies on the use of rotational expatriate personnel from Canada for a number of key positions, including its President, Director of Finance and certain senior operational personnel.

61. All capital allocation decisions across the entire Calfrac Group are developed and approved by the Core Executive Team. The leaders of the geographic operating divisions and corporate functional departments in all jurisdictions execute the decisions made by the Core Executive Team. The Core Executive Team is typically involved in determining all material financial and operational terms with large clients, regardless of the business entity that serves those clients, or the jurisdiction in which their projects are located. The material terms of all major contracts require approvals by the Core Executive Team. With the exception of the Russian Division, the relationships with all of the Calfrac Group's major clients and stakeholders involve one or more members of the Core Executive Team.

62. The Core Executive Team and the Vice Chairman oversee the day-to-day affairs of the Calfrac Group’s geographic operating divisions and corporate functional departments via weekly operational meetings held in the Calgary Head Office with the Larger Management Team. Participants who are not able to physically attend dial into a conference line or participate via video-conference. In addition to reviewing relevant developments for each operating division the weekly operational meetings serve as a forum to ensure the Core Executive Team and Vice Chairman are apprised of and support all bids that the Calfrac Group submits to customers for its services.

The Calfrac Group's Treasury Function and Cash Management System

63. The treasury function for all of the entities in the Calfrac Group is centralized in the Calgary Head Office. The Calfrac Group's credit agreements (the Credit Agreement, the 2018

Indenture and the 2020 Indenture, all as defined below) are all negotiated and administered and compliance therewith is monitored by the treasury and legal groups at the Calgary Head Office. Draw-downs, repayments and rollovers of borrowings under the Credit Agreement are initiated, approved and administered exclusively in the Calgary Head Office.

64. HSBC Bank Canada ("**HSBC**"), represented by personnel in Calgary, is the Agent under the Credit Agreement, representing the First Lien Lenders. HSBC has been the Calfrac Group's main and primary bank lender from the time the business began in Canada, 21 years ago. HSBC and its personnel in Calgary have continued in this important role, including through the Calfrac Group's expansion into foreign markets.

65. As noted, the Calfrac Group's treasury group is located in the Calgary Head Office and from there it operates and administers a centralized cash management system for the entire Calfrac Group (the "**Cash Management System**"):

(a) Calfrac is the only borrower under the Credit Agreement and all drawings thereunder are made by Calfrac into an account with HSBC in Calgary. None of the officers or employees outside of the treasury group in the Calgary Head Office are authorized to make draws under the Credit Agreement;

(b) the treasury group in the Calgary Head Office monitors the cash position of all of the entities in the Calfrac Group and facilitates cash transfers as required to ensure that those entities can meet their daily cash requirements;

(c) those cash transfers are made by way of intercompany loans from Calfrac, administered by the treasury group in the Calgary Head Office;

(d) when those other entities in the Calfrac Group have surplus cash, the treasury group in the Calgary Head Office transfers cash from those entities back to repay the intercompany loans to Calfrac;

(e) all disbursements (i.e. ACH/EFT/cheques/wires) paid out by Calfrac must be signed or electronically released by a member of the treasury team in the Calgary Head Office (except for petty cash disbursements); and

(f) cash receipts are deposited in the bank accounts of the operating divisions where they are earned, and they are all reported to the treasury group in the Calgary Head Office and then administered as part of the centralized Cash Management System.

66. Financial reporting for the Calfrac Group is done on a consolidated basis and the corporate finance personnel in the Calgary Head Office generate the consolidated financial statements and work with the external auditors (PricewaterhouseCoopers Inc.), who are also located in Calgary, Alberta. The operating divisions in the Calfrac Group are responsible for data entry and preliminary preparation/analysis of the divisional financial statements, and they then submit reports to the corporate accounting group located in the Calgary Head Office.

67. The CFO of Calfrac is responsible for overseeing the Cash Management System and financial reporting for Calfrac and the Calfrac Group, as well as all financial risk management, internal auditing, taxation and information technology. Mr. Olinek has worked for Calfrac and in the Calfrac Group for almost 14 years. Mr. Olinek has been the CFO since February 2016. Prior to that, he was the Vice President, Finance, from April 2011 to February 2016. Prior to that he was the Corporate Controller from August 2006 to March 2011. Throughout his entire tenure at Calfrac, he has worked out of the Calgary Head Office, as that is where all major financial decisions, including regarding the worldwide Calfrac Group, are made. Mr. Olinek graduated with a Bachelor of Commerce degree with a major in Accounting from the University of Calgary in 1989, and is a member in good standing of the Institute of Chartered Professional Accountants of Alberta.

Other Centralized Functions in the Calgary Head Office

68. All legal strategy and direction for all of the entities in the Calfrac Group is centralized in the Calgary Head Office.

69. Supply chain strategy and decisions for the entire Calfrac Group are centralized in the Calgary Head Office. The Vice President, Global Supply Chain directs all supply chain procurement and logistics from the Calgary Head Office for all the Calfrac Group entities. Supply chain management, and in particular, careful sourcing of our main inputs, is a major component of our business operations and competitive advantage in the fracturing services market. The Calfrac Group sources sizable amounts of raw materials such as proppant (typically, sand), nitrogen, chemicals, lubricants and diesel fuel, and its component parts, from various suppliers across North America, Argentina and Russia. The logistics of purchasing and delivering these raw materials efficiently requires complex coordination. Despite the international sourcing of the Calfrac Group's supply chain inputs and ultimate end points, the expertise and decision-making is centralized in-house in the Calgary Head Office and Calgary R&D Lab (as defined below). Calgary personnel optimize the logistic networks to ensure timely supply of goods and materials so that non-productive time is minimized for customers worldwide. Major supplier selection and negotiations are primarily handled out of Calgary, and it is the Calfrac Group's Calgary personnel that hold the relationships with key suppliers. Centralizing spending and decision-making in Calgary for the Calfrac Group's main supply operations – rather than letting it be done in regional markets – is one aspect of how the Calfrac Group has cut costs for key products, including proppant and chemicals, as well as third party subcontractors. This approach is also illustrated by the Calfrac Group's investments in four exclusive proppant storage and loading facilities in Western Canada. These four major storage and transloading facilities – hubs where the Calfrac Group collects and transfers shipments of supplies – are in Taylor, British Columbia; Kuusamo, Alberta; Whitecourt, Alberta; and Glidden, Saskatchewan. Investing in this type of storage and transloading infrastructure in Western Canada is one way the Calfrac Group plans to be well situated from a logistics perspective to capitalize on new growth opportunities when they arise, to the benefit of its operations.

70. All of the following policies, procedures, operating manuals and operating practices are developed, updated and administered in the Calgary Head Office, and are applied across all the Calfrac Group entities:

(a) Human Resources – including employee policies and procedures, benefits, wellness, confidentiality and privacy policies;

(b) Corporate Accounting policies;

(c) Code of Ethics;

(d) Corporate Standards;

(e) Information and Telecommunications policies and procedures;

(f) Engineering and Technology policies and procedures, including lab safety, training and development, and product development; and

(g) Marketing and Communications policies and procedures.

71. The Global Quality, Health, Safety, and Environment ("**QHSE**") functions for all of the entities in the Calfrac Group are centralized in Calgary, at the Calgary Head Office. Among other things, the QHSE department of Calfrac is responsible for developing and implementing QHSE policies and procedures to ensure that the Calfrac Group's equipment is maintained and operated in a standardized fashion to ensure consistent, safe, efficient and effective operations across the Calfrac Group's operating divisions.

72. All technology and information systems are designed and implemented by the information systems management team, who are all located in the Calgary Head Office. Calfrac's information systems team has recently led the implementation of a cloud-based enterprise-resource planning system in the Canadian, US and Argentina divisions in order to provide greater transparency, reliability, efficiency and control over financial and operational data to facilitate the centralized decision-making structure of the Calfrac Group.

73. Research and development is a key business priority for the Calfrac Group, and has been a major contributing factor to our success in the market, and as against our competitors. Calfrac Group's main research and development laboratory facility (the "**Calgary R&D Lab**") is based in Calgary. The Calgary R&D Lab develops and tests technologies and fluid systems for the benefit of all of the entities in the Calfrac Group. Accordingly, the

Calfrac Group has developed significant intellectual property related to its business operations, with patents and trademarks held and pending in Canada and the US. The patents and trademarks are all held by Calfrac. Calfrac authorizes the other entities in the Calfrac Group to utilize this valuable intellectual property. None of the Calfrac Group's patents or trademarks are held by the US entities in the Calfrac Group. The use of this intellectual property is critical to the ongoing business operations of Calfrac and CWSC.

The Calfrac Group's Relative Size in its Different Geographical Locations

Headcount

74. The Calfrac Group tracks headcount totals, as opposed to employee totals, and so the following staffing data reflects both employees and consultants on contract.

75. As at December 31, 2019, the Calfrac Group had a total headcount of at or near 3,343 globally.

76. The Calfrac Group has proactively reduced its workforce over the past six months in connection with cost-reduction measures to reduce ongoing operating, general and administrative expenses. As at June 30, 2020, the Calfrac Group had a total headcount of at or near 2,078.

77. To provide some historical perspective and context, the Calfrac Group had a total headcount of at or near 4,929 at its peak in 2014.

78. The below chart provides headcount by countries of operation over the last 10 years.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (June)
Russia	531	690	745	758	939	980	951	952	1000	823	732	607
Mexico	136	105	163	200	158	91	43	40	13	4	4	2
Argentina	22	27	43	86	277	382	400	429	455	511	557	436
Rest of Latin Amer.	2	2	8	36	35	32	6	7	5	1	1	0
Canada	834	1084	1319	1520	1533	1694	1037	885	1223	1320	970	634
US	413	664	1127	1103	1387	1750	708	443	1115	1267	1079	399

79. In all but 2019, the Calfrac Group's headcount was higher in Canada than the US. That remains the case today. In 2019, the Calfrac Group was reducing its Western Canadian headcount following a depression in the local energy market, in order to pivot to more lucrative markets, such as the US. This is an example of how the Calfrac Group has used its expansion into international markets to flexibly adapt to energy prices and the related demand for oilfield services in order to maximize its profitability.

Gross Revenue

80. In keeping with the need to flexibly deploy assets between Canada and the US as a response to market conditions, as discussed above, the Calfrac Group's percentage of revenue earned in the US and Canadian markets has fluctuated considerably from year to year. In comparing the years 2010 to 2019, 2019 was the year with the highest percentage revenue coming from the US as compared to Canada, and 2010 was the lowest. In 2010 Canada represented 62.7% of revenue as between the US and Canada, and the US only 37.3%. In 2019, Canada represented 29.9% of revenue as between the US and Canada, and the US 70.1%. The Calfrac Group's allocation of gross revenue by country as at December 31, 2019 was as follows:

(in thousands of Canadian dollars)	**Canada**	**USA**	**Russia**	**Argentina**
Revenue (2019)	397,583	930,404	105,807	187,161
Percentage	24.5%	57.4%	6.5%	11.5%

Fracturing Horsepower and Other Equipment

81. Horsepower is a leading measurement of an entity's operational size in the fracturing industry. It measures the pumping capacity of a particular company's aggregate fracturing operations. Similar to gross revenue, horsepower count has fluctuated from year to year as between Canada and the US, as the Calfrac Group has redeployed equipment to respond to changing markets. 2019 was the end-of-year quarter with the highest percentage horsepower deployed in the US as compared to Canada, and 2010 was the lowest. In 2010, Canada represented 51.0% of North American horsepower, and the US represented 49.0%.

The Calfrac Group's allocation of fracturing horsepower by country as at December 31, 2019 was as follows:

(as measured in Q4)	**Canada**	**USA**	**Russia**	**Argentina**
Horsepower (2019)	271,950	923,450	77,000	137,750
Percentage	19.3%	65.5%	5.4%	9.8%

82. Coiled tubing units are mobile service rigs that assist with fracturing and can also execute a number of stand-alone well servicing operations, including the removal of downhole equipment and debris, such as sand, from the wellbore. Cementing units pump cement slurry downhole which, when dry, provides isolation between the wellbore and the outside rock, particularly to prevent the ingress of unwanted water into the production stream and to isolate fresh water zones from hydrocarbon streams. The Calfrac Group's allocation of coiled tubing and cementing units by country as at December 31, 2019 was as follows:

(as measured in Q4)	**Canada**	**USA**	**Russia**	**Argentina**
Coiled Tubing	14	1	7	6
Percentage	50%	3.6%	25%	21.4%
Cementing	0	5	0	14
Percentage	0%	26.3%	0	73.7%

83. This chart shows the numbers of each type of unit in all countries, as measured at the end of the year, from 2010 to 2019.

Coiled Tubing Units	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Canada	22	21	21	21	17	18	13	15	14	14
United States	-	1	-	7	5	5	5	1	2	1
Russia	6	6	7	7	7	7	7	7	7	7
Mexico	-	-	-	-	1	1	1	1	-	-

Argentina	1	1	1	3	6	6	6	6	6	6
Cementing Units	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Canada	6	5	1	-	-	-	-	-	-	-
United States	7	9	12	18	18	18	11	9	10	5
Mexico	3	2	2	2	2	2	1	1	-	-
Argentina	5	5	5	7	8	8	13	13	13	14
Columbia	-	2	6	4	3	3	-	-	-	-

84. As shown, most of the North American coiled tubing units are currently in Canada, and all of the cementing units, although not active, are currently in the US. The distribution and number of units has varied significantly over the years to respond to demand, and is another example of the flexibility the Calfrac Group exercises to optimize profitability.

Conclusion

85. As described above, the Calfrac Group's business is fully integrated, and is directed from its nerve center in the Calgary Head Office. I believe that the restructuring of the Calfrac Group can be administered most efficiently through a single, coordinated restructuring and arrangement process under the supervision of this Honourable Court. This will reduce the cost and time necessary to complete the process, for the benefit of all of the Calfrac Group's stakeholders.

The Calfrac Group's Customers

86. A significant portion of the Calfrac Group's top clients are investment grade companies, complimenting a very diverse customer base. Despite the very challenging current economic conditions in the energy services sector, the Calfrac Group has continued to focus on providing top tier service to its clients and has continued to aggressively pursue new clients and new projects, with some recent successes. Continuing to provide top level service and maintaining strong relationships with its client base will be key to any successful restructuring of the Calfrac Group.

VI. THE CALFRAC GROUP'S CAPITAL STRUCTURE

87. The Calfrac Group's capital structure is summarized below.

The Credit Facility

88. Calfrac, as borrower, is party to an Amended and Restated Credit Agreement dated April 30, 2019 (the "**Credit Agreement**"). HSBC is the Lead Arranger, Sole Bookrunner and Administration Agent pursuant to the Credit Agreement (in these capacities, the "**First Lien Agent**"). The lenders (the "**First Lien Lenders**") party to the Credit Agreement are:

(a) HSBC;

(b) ATB Financial;

(c) Royal Bank of Canada;

(d) Canadian Imperial Bank of Commerce;

(e) Export Development Canada; and

(f) The Bank of Nova Scotia.

89. CWSC and CHLP (by its general partner CCI) have guaranteed Calfrac's obligations under the Credit Agreement.

90. The Credit Agreement provides Calfrac with the following credit facilities:

(a) $40 million operating facility; and

(b) $335 million syndicated facility.

91. As a result of the borrowing base calculation under the Credit Agreement, Calfrac's current availability under the Credit Agreement is approximately $233.8 million, and the amount currently outstanding is approximately $173.5 million.

92. The First Lien Lenders have a first-ranking security interest in all of the assets of Calfrac, CWSC and CHLP (by its general partner CCI), to secure those parties' respective obligations as borrower and guarantors in connection with the Credit Agreement.

93. As noted above, it is anticipated that the Arrangement and the Recapitalization will not compromise or affect the First Lien Lenders, and that Calfrac will continue to perform all its obligations under the Credit Agreement, in the ordinary course.

94. Attached as **Exhibit "7"** to this Affidavit is a true copy of the Credit Agreement.

The Second Lien Notes

95. CHLP (by its general partner CCI), as issuer, is party to an Indenture dated February 14, 2020 (the "**Second Lien Note Indenture**"). Pursuant to the Second Lien Note Indenture, CHLP issued 10.875% Second Lien Secured Notes (the "**Second Lien Notes**") due in 2026, in the principal amount of US$120,000,100. Wilmington Trust, National Association, is the trustee and collateral agent in the US pursuant to the Second Lien Note Indenture (the "**Second Lien Note Trustee**"). Computershare Trust Company of Canada is the collateral agent in Canada.

96. The Second Lien Notes were issued by CHLP in connection with an exchange offer whereby CHLP issued a US$120,000,100 principal amount of Second Lien Notes in exchange for a US$218,182,000 principal amount of Unsecured Notes (the "**Exchange Offer**").

97. Interest payments under the Second Lien Notes are due semi-annually in arrears on March 15 and September 15.

98. Calfrac and CWSC have guaranteed CHLP's obligations under the Second Lien Note Indenture.

99. The Second Lien Note Trustee has a second-ranking security interest in all of the assets of CHLP (by its general partner CCI), Calfrac and CWSC, to secure those parties' respective obligations as issuer and guarantors in connection with the Second Lien Note Indenture.

100. As noted above, it is anticipated that the Arrangement and the Recapitalization Transaction will not compromise or affect the holders of the Second Lien Notes (the "**Second Lien Noteholders**"), and that CHLP (by its general partner CCI) will continue to perform all its obligations under the Second Lien Note Indenture, in the ordinary course.

101. Attached as **Exhibit "8"** to this Affidavit is a true copy of the Second Lien Note Indenture.

The 1L/2L Intercreditor Agreement

102. Calfrac, CWSC and CHLP (by its general partner CCI), are parties with the First Lien Agent and the Second Lien Note Trustee, to a February 14, 2020 Intercreditor and Priority Agreement (the "**1L/2L Intercreditor Agreement**"). Pursuant to the 1L/2L Intercreditor Agreement, the parties thereto have agreed, among other things, that:

(a) all the security held by the First Lien Agent (the "**First Lien Security**") shall rank senior in priority to all the security held by the Second Lien Note Trustee (the "**Second Lien Security**"); and

(b) neither the Second Lien Note Trustee nor any Second Lien Noteholder is entitled to take any enforcement action under the Second Lien Security until at least 180 days after the Second Lien Note Trustee has given the First Lien Agent a notice of the occurrence of an event of default under the Second Lien Note Indenture.

103. A true copy of the 1L/2L Intercreditor Agreement is attached as **Exhibit "9"** to this Affidavit.

The Unsecured Notes

104. CHLP (by its general partner CCI), as issuer, is party to an Indenture dated May 30, 2018 (the "**Unsecured Note Indenture**"). Pursuant to the Unsecured Note Indenture, CHLP (by its general partner CCI) issued 8.50% Senior Unsecured Notes (the "**Unsecured Notes**") due in 2026, in the principal amount of US$650 million. Wells Fargo Bank, National Association, is the trustee pursuant to the Unsecured Note Indenture (the "**Unsecured Note Trustee**"). Calfrac and CWSC have guaranteed the issuer's obligations under the

Unsecured Note Indenture. There is US$431,818,000 (CA$587,013,389) in principal amount of Unsecured Notes outstanding, after giving effect to the Exchange Offer.

105. Interest payments under the Unsecured Notes are due semi-annually in arrears on June 15 and December 15. CHLP (by its general partner CCI) deferred making the June 15, 2020 interest payment, in the amount of US$18,352,265 (CA$24,948,069). Pursuant to the Unsecured Note Indenture, there is a 30-day grace period during which CHLP (by its general partner CCI) can make the interest payment, to avoid committing an event of default under the Unsecured Note Indenture. Non-payment of the interest payment prior to the expiry of the grace period would result in cross-defaults under the Credit Agreement and the Second Lien Note Indenture.

106. Given the pendency of the Arrangement and the Recapitalization Transaction, and to preserve the Calfrac Group's liquidity, CHLP (by its general partner CCI) has determined not to make the interest payment prior to the expiry of the grace period on July 15, 2020. It is for this reason that the Applicants are asking that this Honourable Court grant a stay of proceedings in the Preliminary Interim Order, and also a direction that the grace period for the payment of the interest payment due on June 15, 2020 under the Unsecured Note Indenture (along with all other grace periods or limitation periods), be deemed to be tolled and extended for the duration of the stay of proceedings, subject to further order of this Honourable Court. I am of the view that this relief is necessary to preserve the *status quo* and preserve fair and equitable treatment among all the Calfrac Group's stakeholders, while the Arrangement and Recapitalization Transaction are finalized.

107. If this relief is not granted, the non-payment of the Unsecured Note interest payment by the end of the grace period would or could result in an event of default under the Unsecured Note Indenture, and cross-defaults under the Credit Agreement and the Second Lien Note Indenture. This could potentially enable certain stakeholders to maneuver for advantages *vis-à-vis* other stakeholders. Given that the goal of the Arrangement and Recapitalization Transaction is to reach a consensual arrangement with the Affected Securityholders, and to not compromise or affect any other stakeholders, the Calfrac Group is of the view that this relief is important and necessary to enable the success of these proceedings.

108. It is anticipated that the Arrangement and the Recapitalization Transaction will compromise or affect the holders of the Unsecured Notes (the "**Unsecured Noteholders**"), and accordingly that the Unsecured Noteholders will be asked to vote to approve the Arrangement.

109. Attached as **Exhibit "10"** to this Affidavit is a true copy of the Unsecured Note Indenture.

Equity

110. The authorized share capital of Calfrac consists of an unlimited number of Common Shares. As of the date hereof, Calfrac has 145,171,194 issued and outstanding Common Shares, 9,858,981 stock options and 890,770 equity-based performance shares units outstanding.

111. It is anticipated that the Arrangement and the Recapitalization Transaction will compromise or affect the holders of the Common Shares (the "**Common Shareholders**"), and accordingly that the Common Shareholders will be asked to vote to approve the Arrangement.

112. There are multiple large Common Shareholders who are currently engaged in discussions with the Calfrac Group regarding the Arrangement and Recapitalization Transaction, and all of whom I expect to be supportive. In the aggregate, those Common Shareholders hold approximately 38.0% of the Common Shares (including the Calfrac Board and management, who are supportive and who collectively hold approximately 4%, in addition to my holdings), to my knowledge.

113. To confirm, there may be one large Common Shareholder who may be unlikely to support the Arrangement and Recapitalization Transaction, but I believe this is because such Common Shareholder is a competitor of the Calfrac Group in the oilfield services market that would like to take advantage of a breakup of the Calfrac Group in a bankruptcy or insolvency where Common Shareholders receive nothing, and the prospective sale of at least part of the Calfrac Group's assets, as explained in more detail below.

The Wilks Brothers Litigation

114. As part of these proceedings it is important to understand Calfrac's relationship with its second-largest shareholder, Wilks Brothers, LLC ("**Wilks Brothers**"). Wilks Brothers owns approximately 19.78% of the Common Shares, to my knowledge. The table below lists and summarizes the holdings of all Common Shareholders holding greater than 10% of the Common Shares, based on publicly-available information.

Name	Number of Common Shares	Percent of Outstanding (1)
Ronald P. Mathison Calgary, Alberta	28,837,321	19.86%
Wilks Brothers, LLC and Dan and Staci Wilks (collectively, "Wilks Brothers") (2) Cisco, Texas, USA	28,720,172	19.78%
Alberta Investment Management Corporation ("AIMCO")(3) Edmonton, Alberta	20,580,121	14.18%

Notes:

(1) Calculated based on the number of issued and outstanding common shares as of the date hereof.

(2) Based on publicly available information whereby as at November 22, 2017, Wilks Brothers reported (pursuant to the Early Warning System – Alternative Monthly Report filed on the System for Electronic Document Analysis and Retrieval ("SEDAR")) that they held 28,720,172 of the Corporation's common shares.

(3) Based on publicly available information whereby as at November 30, 2017, AIMCO reported (pursuant to the Early Warning System – Alternative Monthly Report filed on the System for Electronic Document Analysis and Retrieval ("SEDAR")) that it held 20,580,121 of the Corporation's common shares.

115. As outlined below, Calfrac is currently engaged in a lawsuit with Wilks Brothers in the Court of Queen's Bench of Alberta. Further, Wilks Brothers has in the past expressed on numerous occasions a desire for the Calfrac Group to split off its US operations either through a sale of that division to Wilks Brothers (or one of its affiliates), or through the formation of a separate US company in which Wilks Brothers would invest in a material way.

116. Wilks Brothers is headquartered in Texas and is controlled, directly or indirectly, by two brothers, Dan Wilks and Farris Wilks. Both are billionaires who reside in Texas. Dan Wilks and Farris Wilks have extensive experience in the hydraulic fracturing and well

stimulation business, having first established Frac Tech in 2002. Frac Tech later grew to be one of the largest providers of hydraulic fracturing and well stimulation services in the US. Dan Wilks and Farris Wilks sold their interest in Frac Tech in 2011 for approximately US$3.5 billion. In 2016, Wilks Brothers established Profrac Services, LLC ("**Profrac**"), which later commenced operations in the hydraulic fracturing and well stimulation services business in the US, and is now one of the Calfrac Group's competitors in the US.

117. On November 17, 2016, Morgan Neff, then an employee of Wilks Brothers, forwarded me an email that he had sent to individuals at RBC (who was never engaged by Wilks Brothers in regard to Calfrac) in August 2016, advising that:

(a) he hoped that RBC was encouraging Calfrac to sell its international businesses; and

(b) Wilks Brothers owned 9.27% of Calfrac's Common Shares.

118. To the best of my knowledge, this was the first time Calfrac became aware that Wilks Brothers had become one of Calfrac's single largest shareholders, and this was also the first time Calfrac became aware that Wilks Brothers was interested in encouraging Calfrac to sell some of its international assets. A true copy of Mr. Neff's email to me of November 17, 2016, and my reply is attached as **Exhibit "11"**.

119. From July 2017 through November 2017, Wilks Brothers and its joint actors filed five Early Warning Reports on SEDAR, each one noting that Wilks Brothers and its joint actors had acquired additional Common Shares, culminating in an aggregate 19.78% ownership by November, 2017. A true copy of the last Early Warning Report filed on November 23, 2017 is attached as **Exhibit "12"**.

120. The Early Warning Reports filed by Wilks Brothers on SEDAR on September 13, 2017, and November 23, 2017, noted that the acquisitions had been made:

> …in the ordinary course of business and for investment purposes. The Acquirors may in future seek to effect material changes in the Issuer's business or corporate structure including, without limitation, changes to the board of directors or management of the Issuer and/or the sale or transfer of material assets of the Issuer or its subsidiaries and in connection therewith may take such actions as are permitted by applicable law including, without

> limitation, the requisition of meetings of the Issuer's securityholders and the solicitation of proxies from the Issuer's securityholders in any manner permitted by law.

121. Thus, by no later than September 13, 2017, Wilks Brothers had self-identified as an activist investor with respect to Calfrac.

122. In December 2017 and January 2018, a number of communications took place between Wilks Brothers and representatives of Calfrac, including me, Michael Tims (Vice Chairman of MATCO) and Doug Ramsay (Vice Chairman of Calfrac). To my own knowledge and based on information from Mr. Ramsay and Mr. Tims, the consistent messages from Wilks Brothers in these communications was that:

(a) Calfrac was undervalued;

(b) Calfrac's US division represented significant untapped value;

(c) Calfrac should take steps to realize that untapped value, including taking its US business public or selling its US business; and

(d) Wilks Brothers was a potential acquirer of, or investor in, Calfrac's US business.

123. On February 22, 2018, Calfrac and Wilks Brothers entered into a Non-Disclosure Agreement (the "**NDA**") to allow Calfrac to provide confidential information to Wilks Brothers, and for the parties to be able to frankly exchange their views. After the NDA was entered into, Calfrac provided Wilks Brothers with a Confidential Update, which provided confidential business information about the Calfrac Group, outlined various operational updates and raised the prospect of the Calfrac Group undertaking a potential note offering.

124. After being provided with the Confidential Update, Mr. Neff wrote me an email on April 18, 2018, which repeated many of the same themes about Wilks Brothers' interest in the Calfrac Group's US business on a standalone basis. A true copy of Mr. Neff's April 18, 2018 email is attached as **Exhibit "13"**.

125. On May 8, 2018, Calfrac filed the Report of Voting Results respecting its 2018 annual meeting of shareholders on SEDAR. A true copy of the Report of Voting Results is attached as **Exhibit "14"**. On May 9, 2018, Calfrac publicly announced the planned note financing (the "**Note Offering**") that had been disclosed to Wilks Brothers as part of the Confidential Update. A true copy of the Calfrac Press Release of May 9, 2018, in which Calfrac announced the Note Offering is attached as **Exhibit "15"**.

126. Shortly after Calfrac publicly announced the Note Offering, Wilks Brothers issued its own press release on May 9, 2018, titled: "Wilks Brothers Responds to Questions Regarding the Proxy Result of Calfrac's AGM" (the "**Wilks Brothers Press Release**"). In the Wilks Brothers Press Release, Wilks Brothers made the following statements, among others:

(a) "Over the last 12 months, we have participated in a number of calls, emails and meetings with various members of CalFrac's board and management team…"

(b) "…we have incessantly encouraged Calfrac to hire US and Canadian financial advisors to thoroughly vet all alternatives including the separation of Calfrac's US and Canadian operations into two public entities."

A true copy of the Wilks Brothers Press Release is attached as **Exhibit "16"**.

127. Calfrac took the view that the Wilks Brothers Press Release constituted a breach of the NDA, and Calfrac accordingly commenced an action against Wilks Brothers in the Court of Queen's Bench of Alberta to seek damages caused to Calfrac by Wilks Brothers' issuance of the Wilks Brothers Press Release, in violation of the NDA.

128. The Notes offered by way of the Note Offering are the Unsecured Notes referred to above in this Affidavit. In the lawsuit, among other things, Calfrac alleges that the Wilks Brothers Press Release, which was issued while the Unsecured Notes were being marketed, resulted in the Unsecured Notes being priced disadvantageously to Calfrac. Specifically, Calfrac alleged that the applicable interest rate was set at least 75 basis points per annum (0.75 of 1% per year) higher than would otherwise have been the case, in the absence of the Wilks Brothers Press Release. Apart from any other damages, this difference alone amounted to

approximately $6.63 million for each of the eight years during which the Unsecured Notes were anticipated to be outstanding.

129. On May 6, 2019, the Honourable Mr. Justice P.R. Jeffrey of the Court of Queen's Bench of Alberta in *Calfrac Well Services Ltd v Wilks Brothers, LLC*, 2019 ABQB 340 (a copy of which is attached as **Exhibit "17"**) granted summary judgment in favour of Calfrac, ruling that by issuing the Wilks Brothers Press Release, Wilks Brothers had breached the NDA. Wilks Brothers did not appeal that summary judgment. Issues of causation and damages remain to be determined, and the litigation is ongoing.

Wilks Brothers' Proposals and Acquisition of Second Lien Notes

130. Subsequent to the onset of the COVID-19 pandemic, I exchanged e-mail correspondences with Matt Wilks of Wilks Brothers as to the possible collaboration between Calfrac and Wilks Brothers on transaction(s) that could be beneficial to Calfrac and its various stakeholders.

131. On May 4, 2020 and May 6, 2020, the Calfrac Board received letters from Wilks Brothers formally inviting the Calfrac Board to explore potential value-enhancing initiatives in light of the trading price of the Unsecured Notes and Second Lien Notes. The letters, among other things, outlined Wilks Brothers' intention to work in partnership with the Calfrac Board on a liquidity and deleveraging transaction and included offers by Wilks Brothers to backstop a strategic transaction. True copies of such letters are attached as **Exhibit "18"**.

132. In light of Wilks Brothers' stated intention to work collaboratively with Calfrac, Calfrac proposed the execution of a non-disclosure agreement to foster a constructive dialogue and to enable the parties to further explore the possibility of a strategic transaction. At that time, such a prospective transaction could have involved Wilks Brothers and other significant stakeholders with whom Calfrac was canvassing strategic transaction alternatives. A draft non-disclosure agreement was first circulated to Wilks Brothers on May 29, 2020, and subsequent drafts were exchanged with Wilks Brothers through Calfrac's financial advisors.

133. I am advised by Rob Kordas, a Managing Director at RBC Capital Markets, and I believe, that Matt Wilks called Mr. Kordas on June 10, 2020, and advised that it appeared the parties agreed in principle to the form of non-disclosure. Matt Wilks further advised Mr. Kordas that he would attend to signing, but had a few things to take care of before he did so.

134. On June 12, 2020, I had a telephone discussion with Matt Wilks wherein I inquired as to the status of Wilks Brothers' execution of the agreed form of non-disclosure agreement. Mr. Wilks expressed reservations about proceeding with the agreement and I reiterated the importance for Calfrac to have an executed non-disclosure agreement prior to discussing the details of any transaction, including a transaction Calfrac intended to propose to Wilks Brothers and other key stakeholders. Attached as **Exhibit "19"** hereto is a true copy of an e-mail I sent to Mr. Wilks on June 15, 2020 endeavoring to summarize my perspective of the recent discussions with Wilks Brothers, and reaffirming our need for a signed non-disclosure agreement to advance such discussions further.

135. As reported on SEDI, in a series of transactions commencing on June 11, 2020 and ending on June 26, 2020, Dan Wilks of Wilks Brothers acquired an aggregate of US$60,001,400 of Second Lien Notes at an aggregate acquisition cost of US$41,736,096, or approximately $0.696 per $1.00 of par value of Second Lien Notes acquired. A report from the System for Electronic Disclosure by Insiders outlining the particulars of the transactions is attached as **Exhibit "20"**.

136. With the Second Lien Notes purchased by Dan Wilks, Wilks Brothers collectively acquired control of over 50.001% of the Second Lien Notes and a potential blocking position in respect of any class vote of the Second Lien Noteholders in connection with Calfrac's recapitalization efforts.

137. On June 22, 2020 and June 30, 2020, Wilks Brothers submitted unsolicited letters of intent to acquire Calfrac's US business and related assets (true copies of which are attached as **Exhibit "21"**). As consideration for the US business, Wilks offered to: (i) convey ownership of its Second Lien Notes (which totaled US$41,686,750 as of the June 22 offer and US$60,001,400 as of the June 30 offer); (ii) fund a tender offer for the Unsecured Notes at 14% of par value, implying a cash commitment of approximately US$60,452,000;

and (iii) in the June 30 offer only, pay a consent fee of US$1 million to the First Lien Lenders and a consent fee of US$1 million to the consenting holders of the balance of the Second Lien Notes (to be shared *pro rata*).

138. With the assistance of its financial and legal advisors, the Calfrac Board carefully reviewed and analyzed the offers and in each case concluded that the subject offer was not acceptable, as it significantly undervalued the US business and was not executable from a practical standpoint for various reasons, including its prejudicial treatment of other key stakeholders, such as the First Lien Lenders and the balance of the Second Lien Noteholders. In addition, these offers envisioned leaving the balance of the Calfrac Group with a disproportionate amount of secured debt relative to what was proposed to become its remaining assets, collateral and operations. As a result, the Calfrac Group would have excessive debt relative to its cash flows and insufficient liquidity to operate its remaining business. I communicated in detail the reasons for Calfrac's rejection of Wilks Brothers' offers in letters dated June 29, 2020, July 2, 2020, and July 6, 2020 (copies of which are attached as **Exhibit "22"**).

139. Based on the history of the Calfrac Group with Wilks Brothers, including as summarized above, it is my belief that for strategic purposes Wilks Brothers may attempt to resist the Arrangement and Recapitalization, in pursuit of its own business interests and as a competitor of the Calfrac Group. The Arrangement and Recapitalization Transaction seek to preserve the Calfrac Group and all its operating entities and business divisions, for the benefit of all stakeholders. I do not believe that separating the US business from the Calfrac Group's other entities and business divisions would be in the best interests of all stakeholders, particularly at far below fair market value, as has been proposed by Wilks Brothers. Such a separation would, in fact, be contrary to the best interests of stakeholders and the leave the remaining entity with an untenable debt burden.

Financial Statements

140. A copy of the Calfrac Group's audited consolidated financial statements for the year ending 2019 are attached as **Exhibit "23"** to this Affidavit, and a copy of Calfrac Group's

unaudited interim consolidated financial statements for the three months ended March 31, 2020 are attached as **Exhibit "24"** to this Affidavit.

VII. PROCEEDING BY WAY OF CBCA PLAN OF ARRANGEMENT AND THE PRELIMINARY INTERIM ORDER

141. The purpose of the Arrangement is to effect the Recapitalization Transaction, as described above, which is anticipated to significantly reduce the Calfrac Group's outstanding indebtedness and annual interest costs, and provide a sustainable capital structure for the Calfrac Group going forward.

Arrangeco is Solvent

142. Arrangeco has no liabilities and is solvent. I am advised by Bennett Jones LLP, Canadian counsel to the Calfrac Group, and believe, that Arrangeco is not 'insolvent' within the meaning of section 192(2) of the CBCA as: (i) it is able to pay its liabilities as they become due; and (ii) the realizable value of its assets is not less than the aggregate of its liabilities and stated capital of all classes of its shares.

143. As shown in Exhibit "23", which is the Calfrac Group's most recent set of audited financial statements, as at December 31, 2019, the Calfrac Group had total assets of approximately $1.53 billion, total liabilities of approximately $1.16 billion and stated capital in excess of $0.37 billion.

144. As shown in Exhibit "24", which is the Calfrac Group's most recent set of unaudited financial statements, as at March 31, 2020, the Calfrac Group had total assets of approximately $1.35 billion, total liabilities of approximately $1.12 billion and stated capital in excess of $0.23 billion.

145. The Recapitalization Transaction is expected to significantly reduce the Calfrac Group's outstanding indebtedness, to reduce annual cash interest payments and increase liquidity and working capital so that the business can operate sustainably.

146. Following completion of the Recapitalization Transaction (which is anticipated to include an amalgamation of certain parties to this Action), it is expected that the realizable value

of the Calfrac Group's assets will not be less than the aggregate value of their liabilities and stated capital, and that the members of the Calfrac Group will be able to meet their obligations as they become due.

Record Dates

147. As noted above, the Applicants are seeking as part of the Preliminary Interim Order, the establishment of record dates of July 13, 2020 for determination of the Unsecured Noteholders and Common Shareholders (both defined below) entitled to notice of, and to vote at, meetings to vote on the Arrangement, and ancillary relief related thereto.

148. The Calfrac Group is engaged in discussions with a critical mass of Unsecured Noteholders and Common Shareholders, and expects to be in a position to finalize definitive agreements in the short term, and then return to Court to ask for an order authorizing the calling of meetings of the Affected Securityholders to vote on the Arrangement.

The Director Appointed under the CBCA

149. The Applicants have provided notice of their application for the Preliminary Interim Order to the Director appointed under section 264 of the CBCA. Attached as **Exhibit "25"** to this Affidavit is a true copy of the July 10, 2020 letter from the Director acknowledging receipt of this notice.

It is Not Practicable to Proceed in Another Manner

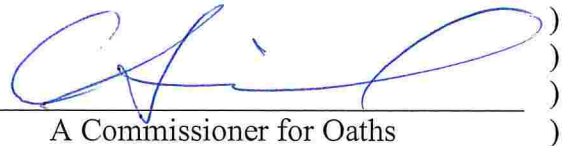
150. The Arrangement, if approved, will effectuate the proposed Recapitalization Transaction in accordance with various detailed steps to be set out in a CBCA plan, and in a manner that is the most convenient and advantageous to the Calfrac Group and its stakeholders.

151. The Applicants are proceeding by way of a statutory plan of arrangement under section 192 of the CBCA as the most efficient and practicable means of completing the Recapitalization Transaction.

VIII. CONCLUSION

152. I swear this my Affidavit in support of an Application for the relief set out in paragraph 3 of this my Affidavit and for no other or improper purpose.

SWORN (OR AFFIRMED) BEFORE ME)
at Calgary, Alberta, this 13th day of July,)
2020.)



A Commissioner for Oaths)
in and for the Province of Alberta)

Chris Simard

RONALD P. MATHISON

Exhibit "1"

THIS IS EXHIBIT " 1 " REFERRED TO IN THE AFFIDAVIT OF RONALD P. MATHISON AFFIRMED BEFORE ME THIS 13th DAY OF JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Simard

WAIVER

TO:	Calfrac Well Services Ltd. (the "**Borrower**")
AND TO:	the Material Subsidiaries (as defined in the Credit Agreement, as defined below)
RE:	CBCA Restructuring

WHEREAS:

(a) the Borrower has entered into an amended and restated credit agreement made as of April 30, 2019 (as further amended and supplemented to the date hereof, the "**Credit Agreement**") between the Borrower, as borrower, HSBC Bank Canada and the other persons party thereto as lenders (collectively, the "**Lenders**"), as lenders, and HSBC Bank Canada, as agent of the Lenders (the "**Agent**");

(b) Calfrac Holdings LP, a subsidiary of the Borrower, has entered in an indenture (the "**Unsecured Indenture**") dated May 30, 2018 with Wells Fargo Bank, National Association, as trustee (the "**Trustee**") in connection with the issuance of 8.50% senior unsecured notes (the "**Unsecured Notes**") and the Borrower, among others, has provided a guarantee in favor of the Trustee in respect of such Unsecured Notes;

(c) the Borrower proposes to file an application in the Alberta Court of Queens' Bench (the "**Court**") to initiate a proceeding pursuant to (and as defined in) section 192 of the *Business Corporations Act* (Canada) (the "**CBCA**"); (the "**CBCA Proceeding**")

(d) the Borrower has requested that the Lenders waive any Event of Default that may result from the CBCA Proceeding pursuant to Sections 12.1(g) or 12.1(h) of the Credit Agreement (the "**Specified Events of Default**"); and

(e) the Lenders have agreed to provide such waiver subject to the satisfaction of the conditions set forth herein.

NOW THEREFORE, for good and valuable consideration provided to the Lenders (the receipt and sufficiency of which is hereby conclusively acknowledged by the Lenders), the Agent, on behalf of the Lenders, hereby waives, to the extent provided for herein, the Specified Events of Default in connection with the CBCA Restructuring (the "**Waiver**"); PROVIDED THAT:

1. the foregoing Waiver shall expressly expire and terminate to the extent that a final order by the Court approving a plan of arrangement in the CBCA Proceeding (acceptable to the Agent and the Majority of the Lenders, acting reasonably) (the "**Final Order**") has not been granted by 5pm (mountain time) on October 14, 2020 and, for certainty, if the Final Order has not been granted by 5pm (mountain time) on October 14, 2020, the Agent and the Majority of the Lenders shall be entitled to exercise their rights and remedies in connection with the Specified Events of Default as provided for in the Credit Agreement.

2. the foregoing Waiver is limited solely to and shall be effective only with respect to the CBCA Proceeding and the Specified Events of Default;

3. except as expressly provided herein and for the limited purposes herein, nothing contained herein shall waive, limit or affect (a) any Obligations including any obligations owing by the Borrower or its Subsidiaries under the Documents, the Lender Financial Instrument Obligations or the Bank Product Obligations including, without limitation, credit card obligations; or (b) any provision of the Documents, all of which continue in full force and effect; and

4. the effectiveness of the foregoing Waiver shall be expressly subject to the condition precedents that;

   (a) the Borrower shall have executed the acknowledgement hereto and Calfrac U.S. and Calfrac LP shall have executed and delivered to the Lenders the Acknowledgement and Agreement set forth at the bottom hereof; and

   (b) either (i) the requirement of Calfrac LP to make the interest payment due June 15, 2020 (the "**June 2020 Interest Payment**") under the Unsecured Indenture shall be stayed by a court of competent jurisdiction or (ii) Calfrac LP shall have made the June 2020 Interest Payment in full.

5. the Borrower hereby covenants and agrees to promptly provide the Agent with copies of all court documentation in respect of the CBCA Proceeding including, without limitation, preliminary interim order, any interim order and the final order.

6. Capitalized terms used herein without express definition shall have the meanings attributed to such terms in the Credit Agreement.

[the remainder of this page has intentionally been left blank.

DATED July _____, 2020.

CALFRAC WELL SERVICES CORP.

Per: _____
Name: MICHAEL OLINEK
Title:

Per: _____
Name: Lindsay Link
Title: President

CALFRAC HOLDINGS LP, by its general partner, CALFRAC (CANADA) INC.

Per: _____
Name: MICHAEL OLINEK
Title:

Per: _____
Name: Lindsay Link
Title:

Acknowledgement and Agreement

TO: THE LENDERS AND THE AGENT

IN CONSIDERATION of the provision of the foregoing Waiver to the Borrower, and for other good and valuable consideration provided to the Borrower by the Lenders (the receipt and sufficiency of which are hereby conclusively acknowledged), each of Calfrac Well Services Corp. and Calfrac Holdings LP hereby acknowledges and agrees:

(i) that the foregoing Waiver is limited solely to and shall be effective only with respect to the CBCA Restructuring and the Specified Events of Default; and

(ii) Calfrac Well Services Corp., as guarantor of the obligations of the Borrower pursuant to a guarantee made as of September 29, 2009 granted by Calfrac Well Services Corp. in favour of the Beneficiaries (as defined therein), as secured by a general security agreement made as of September 29, 2009 granted by Calfrac Well Services Corp. in favour of the Beneficiaries (as defined therein) and numerous real property mortgages granted by Calfrac Well Services Corp. in favor of the Beneficiaries, hereby acknowledges the waiver to and in respect of the Credit Agreement contained in the Waiver to which this Acknowledgement and Agreement is attached and forms a part and confirms that its guarantee, its general security agreement and real property mortgages as described above and all other Security (as defined in the Credit Agreement) granted or delivered by Calfrac Well Services Corp. are and shall remain in full force and effect in all respects notwithstanding such waiver and shall continue to exist and apply to all of the Obligations (as defined in each such guarantee and general security agreement, real property mortgages and other Security), including, without limitation, the obligations, indebtedness and liabilities (present and future, absolute or contingent, matured or not) of the Borrower to the Lenders under, pursuant or relating to the Credit Agreement. This Acknowledgement and Agreement is in addition to and shall not limit, derogate from or otherwise affect the provisions of such guarantee, general security agreement, real property mortgages or other Security.

(iii) Calfrac Holdings LP, as guarantor of the obligations of the Borrower pursuant to a guarantee made as of February 14, 2020 granted by Calfrac Holding LP in favour of the Beneficiaries (as defined therein), as secured by a general security agreement made as of February 14, 2020 granted by Calfrac Holding LP in favour of the Beneficiaries (as defined therein), hereby acknowledges the waiver to and in respect of the Credit Agreement contained in the Waiver to which this Acknowledgement and Agreement is attached and forms a part and confirms that its guarantee and its general security agreement as described above and all other Security (as defined in the Credit

Agreement) granted or delivered by Calfrac Holding LP are and shall remain in full force and effect in all respects notwithstanding such waiver and shall continue to exist and apply to all of the Obligations (as defined in each such guarantee and general security agreement, real property mortgages and other Security), including, without limitation, the obligations, indebtedness and liabilities (present and future, absolute or contingent, matured or not) of the Borrower to the Lenders under, pursuant or relating to the Credit Agreement. This Acknowledgement and Agreement is in addition to and shall not limit, derogate from or otherwise affect the provisions of such guarantee, general security agreement or other Security.

[the remainder of this page has intentionally been left blank.]

This Waiver shall be governed by and construed and enforced in accordance with the laws of the Province of Alberta.

DATED July 10, 2020

HSBC BANK CANADA, as Agent for and on behalf of the Lenders

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Acknowledged and Agreed to by the Borrower as of July _____, 2020.

CALFRAC WELL SERVICES LTD.

Per: _____
Name: MICHAEL OLINEK
Title: CFO

Per: _____
Name: Lindsay Link
Title: President

This Waiver shall be governed by and construed and enforced in accordance with the laws of the Province of Alberta.

DATED July 10th, 2020

HSBC BANK CANADA, as Agent for and on behalf of the Lenders

Per: _____
Name: Duncan Levy
Title: Director, Energy Financing

Per: _____
Name: Bruce Robinson
Title: Vice President, Energy Financing

Acknowledged and Agreed to by the Borrower as of July _____, 2020.

CALFRAC WELL SERVICES LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Exhibit "2"

THIS IS EXHIBIT " 2 " REFERRED TO IN THE AFFIDAVIT OF RONALD P. MATHISON AFFIRMED BEFORE ME THIS 13th DAY OF JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Simard

Government of Alberta ■

Corporation/Non-Profit Search
Corporate Registration System

Date of Search: 2020/07/13
Time of Search: 06:52 AM

Service Request Number: 33724064
Customer Reference Number: 02988664-EDD3_5_1059385

Corporate Access Number: 2015773746
Business Number: 891395329
Legal Entity Name: CALFRAC WELL SERVICES LTD.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Method of Registration: Amalgamation
Registration Date: 2011/01/01 YYYY/MM/DD

Registered Office:
Street: 4500, 855 - 2ND STREET S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P4K7

Records Address:
Street: 411 - 8TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P1E3

Email Address: CALCSDNOTIFICATIONS@BENNETTJONES.COM

Directors:

Last Name: BAKER
First Name: KEVIN
Middle Name: R.
Street/Box Number: 850, 396 - 11TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2R0C5

Last Name: BLAIR

First Name: JAMES
Middle Name: S.
Street/Box Number: 1400, 444 - 5TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P2T8

Last Name: FLETCHER
First Name: GREGORY
Middle Name: S.
Street/Box Number: 1200, 707 - 7TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P3H6

Last Name: GARTNER
First Name: LORNE
Middle Name: ALEXANDER
Street/Box Number: 4900, 525 - 8TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P1G1

Last Name: LINK
First Name: LINDSAY
Middle Name: R.
Street/Box Number: 411 - 8TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P1E3

Last Name: MATHISON
First Name: RONALD
Middle Name: P.
Street/Box Number: 4900, 525 - 8TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P1G1

Last Name: RAMSAY
First Name: DOUGLAS
Middle Name: R.
Street/Box Number: 411 - 8TH AVENUE S.W.
City: CALGARY

Province:	ALBERTA
Postal Code:	T2P1E3

Transfer Agents:

Legal Entity Name:	COMPUTERSHARE TRUST COMPANY OF CANADA
Corporate Access Number:	309229359
Street:	600, 530 - 8TH AVENUE S.W.
City:	CALGARY
Province:	ALBERTA
Postal Code:	T2P3S8

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure:	ONE CLASS OF SHARES, TO BE DESIGNATED AS "COMMON SHARES", IN AN UNLIMITED NUMBER.
Share Transfers Restrictions:	NONE.
Min Number Of Directors:	3
Max Number Of Directors:	15
Business Restricted To:	NONE.
Business Restricted From:	NONE.
Other Provisions:	THE ATTACHED SCHEDULE OF OTHER PROVISIONS IS INCORPORATED INTO AND FORMS PART OF THIS FORM.

Holding Shares In:

Legal Entity Name
CALFRAC (CANADA) INC.

Other Information:

Amalgamation Predecessors:

Corporate Access Number	Legal Entity Name

2015091552	CALFRAC WELL SERVICES LTD.
200723237	DOMINION LAND PROJECTS LTD.

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2020	2020/02/05

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2011/01/01	Amalgamate Alberta Corporation
2014/05/08	Name/Structure Change Alberta Corporation
2019/06/26	Change Director / Shareholder
2020/02/05	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2020/02/20	Update BN

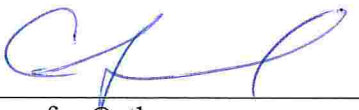
Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2011/01/01
Other Rules or Provisions	ELECTRONIC	2011/01/01
Statutory Declaration	10000302000447272	2011/01/01
Other Rules or Provisions	ELECTRONIC	2013/05/15
Consolidation, Split, Exchange	ELECTRONIC	2014/05/08

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.

Exhibit "3"

THIS IS EXHIBIT " 3 " REFERRED TO IN THE AFFIDAVIT OF RONALD P. MATHISON AFFIRMED BEFORE ME THIS 13th DAY OF JULY, 2020



A Commissioner for Oaths
in and for the Province of Alberta

Government of Alberta ■

Corporation/Non-Profit Search
Corporate Registration System

Date of Search: 2020/07/13
Time of Search: 06:52 AM

Service Request Number: 33724065
Customer Reference Number: 02988665-EDD3_5_1059386

Corporate Access Number: 2012958555
Business Number: 826917767
Legal Entity Name: CALFRAC (CANADA) INC.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2007/01/23 YYYY/MM/DD

Registered Office:
Street: 4500, 855 - 2ND STREET S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P4K7

Records Address:
Street: 411 - 8TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P1E3

Email Address: CALCSDNOTIFICATIONS@BENNETTJONES.COM

Directors:

Last Name: LINK
First Name: LINDSAY
Middle Name: R.
Street/Box Number: 411 - 8TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P1E3

Last Name: MATHISON
First Name: RONALD

Middle Name:	P.
Street/Box Number:	1203 COLBORNE CRESCENT S.W.
City:	CALGARY
Province:	ALBERTA
Postal Code:	T2T0R2

Last Name:	RAMSAY
First Name:	DOUGLAS
Middle Name:	R.
Street/Box Number:	BOX 6, SITE 15, RR 2
City:	OKOTOKS
Province:	ALBERTA
Postal Code:	T1S1A2

Voting Shareholders:

Legal Entity Name:	CALFRAC WELL SERVICES LTD.
Corporate Access Number:	2015773746
Street:	411 - 8TH AVENUE S.W.
City:	CALGARY
Province:	ALBERTA
Postal Code:	T2P1E3
Percent Of Voting Shares:	100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure:	THE ATTACHED SCHEDULE OF SHARE CAPITAL IS INCORPORATED INTO AND FORMS PART OF THIS FORM.
Share Transfers Restrictions:	THE ATTACHED SCHEDULE OF RESTRICTIONS ON SHARE TRANSFERS IS INCORPORATED INTO AND FORMS PART OF THIS FORM.
Min Number Of Directors:	1
Max Number Of Directors:	7
Business Restricted To:	NONE.
Business Restricted From:	NONE.
Other Provisions:	THE ATTACHED SCHEDULE OF OTHER PROVISIONS IS INCORPORATED INTO AND FORMS PART OF THIS FORM.

Holding Shares In:

Legal Entity Name
CALFRAC EMPLOYMENT CORP.

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2020	2020/02/05

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2007/01/23	Incorporate Alberta Corporation
2019/06/26	Change Director / Shareholder
2020/02/05	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2020/02/19	Update BN

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2007/01/23
Restrictions on Share Transfers	ELECTRONIC	2007/01/23
Other Rules or Provisions	ELECTRONIC	2007/01/23

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.

Exhibit "4"

THIS IS EXHIBIT " 4 " REFERRED TO IN THE AFFIDAVIT OF RONALD P. MATHISON AFFIRMED BEFORE ME THIS 13th DAY OF JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Simard

Department of State: Division of Corporations

Allowable Characters

HOME
About Agency
Secretary's Letter
Newsroom
Frequent Questions
Related Links
Contact Us
Office Location

SERVICES
Pay Taxes
File UCC's
Delaware Laws Online
Name Reservation
Entity Search
Status
Validate Certificate
Customer Service Survey

Loading...

Entity Details

THIS IS NOT A STATEMENT OF GOOD STANDING

File Number:	**4291220**	Incorporation Date / Formation Date:	**1/25/2007** (mm/dd/yyyy)
Entity Name:	**CALFRAC HOLDINGS LP**		
Entity Kind:	**Limited Partnership**	Entity Type:	**General**
Residency:	**Domestic**	State:	**DELAWARE**

REGISTERED AGENT INFORMATION

Name:	**CORPORATION SERVICE COMPANY**		
Address:	**251 LITTLE FALLS DRIVE**		
City:	**WILMINGTON**	County:	**New Castle**
State:	**DE**	Postal Code:	**19808**
Phone:	**302-636-5401**		

Additional Information is available for a fee. You can retrieve Status for a fee of $10.00 or more detailed information including current franchise tax assessment, current filing history and more for a fee of $20.00.

Would you like ○ Status ○ Status,Tax & History Information

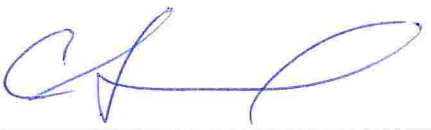
Submit

View Search Results New Entity Search

For help on a particular field click on the Field Tag to take you to the help area.

Exhibit "5"

THIS IS EXHIBIT " 5 " REFERRED TO IN THE AFFIDAVIT OF RONALD P. MATHISON AFFIRMED BEFORE ME THIS 13th DAY OF JULY, 2020



A Commissioner for Oaths
in and for the Province of Alberta

Chris Simard

For this Record...
Filing history and documents
Get a certificate of good standing
File a form
Subscribe to email notification
Unsubscribe from email notification

Business Home
Business Information
Business Search

FAQs, Glossary and Information

Summary

Details			
Name	CALFRAC WELL SERVICES CORP.		
Status	Good Standing	**Formation date**	05/24/2001
ID number	20011106086	**Form**	Corporation
Periodic report month	May	**Jurisdiction**	Colorado
Principal office street address	717 - 17th Street, Suite 1445, Denver, CO 80202, United States		
Principal office mailing address	411 - 8th Avenue SW, Calgary, AB T2P 1E3, Canada		

Registered Agent	
Name	Corporation Service Company
Street address	1900 W. Littleton Boulevard, Littleton, CO 80120, United States
Mailing address	n/a

Filing history and documents

Get a certificate of good standing

Get certified copies of documents

File a form

Set up secure business filing

Subscribe to email notification

Unsubscribe from email notification

Back

Exhibit "6"

THIS IS EXHIBIT " 6 " REFERRED TO IN THE AFFIDAVIT OF RONALD P. MATHISON AFFIRMED BEFORE ME THIS 13th DAY OF JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Smard

Innovation, Science and Economic Development Canada
Corporations Canada

Innovation, Sciences et Développement économique Canada
Corporations Canada

Certificate of Incorporation

Canada Business Corporations Act

Certificat de constitution

Loi canadienne sur les sociétés par actions

12178711 Canada Inc.

Corporate name / Dénomination sociale

1217871-1

Corporation number / Numéro de société

I HEREBY CERTIFY that the above-named corporation, the articles of incorporation of which are attached, is incorporated under the *Canada Business Corporations Act*.

JE CERTIFIE que la société susmentionnée, dont les statuts constitutifs sont joints, est constituée en vertu de la *Loi canadienne sur les sociétés par actions*.

Raymond Edwards

Director / Directeur

2020-07-06

Date of Incorporation (YYYY-MM-DD)
Date de constitution (AAAA-MM-JJ)

Canada

Innovation, Science and Economic Development Canada
Corporations Canada

Innovation, Sciences et Développement économique Canada
Corporations Canada

Form 1
Articles of Incorporation
Canada Business Corporations Act (s. 6)

Formulaire 1
Statuts constitutifs
Loi canadienne sur les sociétés par actions (art. 6)

1 Corporate name
Dénomination sociale

12178711 Canada Inc.

2 The province or territory in Canada where the registered office is situated
La province ou le territoire au Canada où est situé le siège social

AB

3 The classes and any maximum number of shares that the corporation is authorized to issue
Catégories et le nombre maximal d'actions que la société est autorisée à émettre

One class of shares, to be designated as "Common Shares", in an unlimited number.

4 Restrictions on share transfers
Restrictions sur le transfert des actions

See attached schedule / Voir l'annexe ci-jointe

5 Minimum and maximum number of directors
Nombre minimal et maximal d'administrateurs

Min. 1 Max. 10

6 Restrictions on the business the corporation may carry on
Limites imposées à l'activité commerciale de la société

None

7 Other Provisions
Autres dispositions

See attached schedule / Voir l'annexe ci-jointe

8 **Incorporator's Declaration:** I hereby certify that I am authorized to sign and submit this form.
Déclaration des fondateurs : J'atteste que je suis autorisé à signer et à soumettre le présent formulaire.

Name(s) - Nom(s)	Original Signed by - Original signé par
Byron Tse	Byron Tse Byron Tse

Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding $5000 or to imprisonment for a term not exceeding six months or both (subsection 250(1) of the CBCA).

Faire une fausse déclaration constitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5 000 $ et d'un emprisonnement maximal de six mois, ou l'une de ces peines (paragraphe 250(1) de la LCSA).

You are providing information required by the CBCA. Note that both the CBCA and the *Privacy Act* allow this information to be disclosed to the public. It will be stored in personal information bank number IC/PPU-049.

Vous fournissez des renseignements exigés par la LCSA. Il est à noter que la LCSA et la *Loi sur les renseignements personnels* permettent que de tels renseignements soient divulgués au public. Ils seront stockés dans la banque de renseignements personnels numéro IC/PPU-049.

Schedule / Annexe

Restrictions on Share Transfers / Restrictions sur le transfert des actions

The right to transfer shares of the Corporation is restricted in that no holder of such shares shall be entitled to transfer any shares to a person who is not already a shareholder of the Corporation without the consent of the board of directors of the Corporation.

Schedule / Annexe
Other Provisions / Autres dispositions

1. The right to transfer securities of the Corporation, other than non-convertible debt securities, is restricted in that no securityholder shall be entitled to transfer any securities of the Corporation to any person who is not a securityholder of the Corporation unless the transfer has been approved by the board of directors of the Corporation.

2. The Corporation has a lien on the shares of a shareholder or his legal representative for a debt of that shareholder to the Corporation.

3. The directors may, between annual meetings of shareholders, appoint one or more additional directors of the Corporation to serve until the next annual meeting of shareholders, but the number of additional directors shall not at any time exceed one-third of the number of directors who held office at the expiration of the last meeting of the shareholders of the Corporation.

Form 2
Initial Registered Office Address and First Board of Directors
Canada Business Corporations Act (CBCA) (s. 19 and 106)

Formulaire 2
Siège social initial et premier conseil d'administration
Loi canadienne sur les sociétés par actions (LCSA) (art. 19 et 106)

1 Corporate name
Dénomination sociale

12178711 Canada Inc.

2 Address of registered office
Adresse du siège social

4500, 855 - 2nd Street S.W.
Calgary AB T2P 4K7

3 Additional address
Autre adresse

4 Members of the board of directors
Membres du conseil d'administration

		Resident Canadian Résident Canadien
Ronald P. Mathison	1203 Colborne Crescent S.W., Calgary AB T2T 0R2, Canada	Yes / Oui
Douglas R. Ramsay	411 - 8th Avenue S.W., Calgary AB T2P 0B2, Canada	Yes / Oui
Lindsay R. Link	18 Ledbury Road Lane, Spring TX 77379, United States	No / Non

5 Declaration: I certify that I have relevant knowledge and that I am authorized to sign this form.
Déclaration : J'atteste que je possède une connaissance suffisante et que je suis autorisé(e) à signer le présent formulaire.

Original signed by / Original signé par
Byron Tse

Byron Tse
403-298-3123

Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding $5000 or to imprisonment for a term not exceeding six months or both (subsection 250(1) of the CBCA).

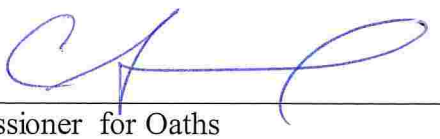
Faire une fausse déclaration constitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5 000 $ et d'un emprisonnement maximal de six mois, ou l'une de ces peines (paragraphe 250(1) de la LCSA).

You are providing information required by the CBCA. Note that both the CBCA and the *Privacy Act* allow this information to be disclosed to the public. It will be stored in personal information bank number IC/PPU-049.

Vous fournissez des renseignements exigés par la LCSA. Il est à noter que la LCSA et la *Loi sur les renseignements personnels* permettent que de tels renseignements soient divulgués au public. Ils seront stockés dans la banque de renseignements personnels numéro IC/PPU-049.

Exhibit "7"

THIS IS EXHIBIT " 7 " REFERRED TO IN THE AFFIDAVIT OF RONALD P. MATHISON AFFIRMED BEFORE ME THIS 13th DAY OF JULY, 2020



A Commissioner for Oaths
in and for the Province of Alberta

Chris Simard

CDN.$375,000,000 REVOLVING CREDIT FACILITIES

AMENDED AND RESTATED CREDIT AGREEMENT

BETWEEN

CALFRAC WELL SERVICES LTD.
as Borrower

AND

HSBC BANK CANADA,
ATB FINANCIAL,
ROYAL BANK OF CANADA,
CANADIAN IMPERIAL BANK OF COMMERCE,
EXPORT DEVELOPMENT CANADA,
THE BANK OF NOVA SCOTIA
and such other persons as become parties hereto as lenders
as Lenders

AND

HSBC BANK CANADA
as Agent of the Lenders

AMENDED AND RESTATED AS OF APRIL 30, 2019

HSBC Bank Canada
as Lead Arranger and Sole Bookrunner

HSBC Bank Canada
as Administration Agent

TABLE OF CONTENTS

AMENDED AND RESTATED CREDIT AGREEMENT

AMENDED AND RESTATED CREDIT AGREEMENT

THIS AGREEMENT originally made as of September 29, 2009, amended and restated as of December 22, 2009, further amended and restated as of September 27, 2011, further amended and restated as of October 10, 2012, further amended and restated as of February 18, 2015, further amended and restated as of September 27, 2017 and further amended and restated as of April 30, 2019

B E T W E E N:

CALFRAC WELL SERVICES LTD., a corporation existing under the laws of the Province of Alberta (hereinafter sometimes referred to as the "**Borrower**"),

OF THE FIRST PART,

- and -

HSBC BANK CANADA, ATB FINANCIAL, ROYAL BANK OF CANADA, CANADIAN IMPERIAL BANK OF COMMERCE, EXPORT DEVELOPMENT CANADA and THE BANK OF NOVA SCOTIA together with such other persons as become parties hereto as lenders, (hereinafter sometimes collectively referred to as the "**Lenders**" and sometimes individually referred to as a "**Lender**"),

OF THE SECOND PART,

- and -

HSBC BANK CANADA, a Canadian chartered bank, as agent of the Lenders hereunder (hereinafter referred to as the "**Agent**"),

OF THE THIRD PART.

WHEREAS the Borrower, certain of the Lenders and the Agent executed and delivered the credit agreement made as of September 29, 2009, as amended and restated as of December 22, 2009, as further amended and restated as of September 27, 2011 and as further amended and restated as of October 10, 2012 (the "**Original Credit Agreement**");

AND WHEREAS the Borrower, the Lenders and the Agent executed and delivered an amendment and restatement of the Original Credit Agreement pursuant to the amended and restated credit agreement made as of February 18, 2015, as amended and restated as of September 27, 2017 (as further amended and supplemented to the date hereof, the "**Existing Credit Agreement**");

AND WHEREAS the parties hereto have agreed to amend and restate the Existing Credit Agreement on the terms and conditions hereinafter set forth;

AND WHEREAS the Lenders have agreed to provide the Credit Facilities to the Borrower on the terms and conditions herein set forth;

AND WHEREAS the Lenders wish the Agent to act on their behalf with regard to certain matters associated with the Credit Facilities;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by each of the parties hereto, the parties hereto covenant and agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions

(1) In this Agreement, unless something in the subject matter or context is inconsistent therewith:

"**2018 Senior Unsecured Note Documentation**" means, collectively, the note indenture, notes, guarantees and other documentation governing the 2018 Senior Unsecured Notes.

"**2018 Senior Unsecured Notes**" means the senior unsecured notes of Calfrac LP in the maximum aggregate amount of U.S.$650,000,000 due 2026 and issued and outstanding pursuant to an indenture dated on or about May 30, 2018 and other related documentation.

"**Acceleration Notice**" means a written notice delivered by the Agent to the Borrower pursuant to Section 12.2 declaring all Obligations of the Borrower outstanding hereunder to be due and payable.

"**Acceptable Insured Receivables**" means, with respect to the Borrower and its Subsidiaries which have provided Security, the accounts receivable owing from Account Debtors which are located outside of Canada or the United States of America and which are insured for payment by Export Development Canada (or such other insurer acceptable to the Agent, acting reasonably); provided that (i) the Borrower has provided the Agent the insurance policy covering such accounts receivable, (ii) such insurance policy is acceptable to the Agent, acting reasonably, and (iii) the Borrower and its Subsidiaries are in compliance with all the terms and provisions of such insurance.

"**Account Debtor**" means a person who is obligated to pay or perform on or under any Account Receivable or a person who is obligated to pay or perform on or under any Acceptable Insured Receivable, as applicable.

"**Account Receivable**" means any right of the Borrower or a Subsidiary which has provided Security to payment for goods sold or leased or for services rendered in the ordinary course of business from Account Debtors which are located in Canada or the United States of America.

"**Accounting Change**" has the meaning set out in Section 1.4(2)(b).

"**Accounting Change Notice**" has the meaning set out in Section 1.4(2)(b).

"**Additional Compensation**" has the meaning set out in Section 13.3(1).

"**Additional Permitted Debt**" means Total Debt issued by the Borrower or Calfrac LP provided that such Total Debt shall be on terms and conditions satisfactory to the Agent and the Majority of the Lenders, acting reasonably, which terms shall include, without limitation, the following:

(a) such Total Debt shall have a final maturity after the latest Maturity Date in effect on the date such Total Debt is issued;

(b) such Total Debt shall rank, in effect, junior to the Total Debt incurred under the Credit Facilities;

(c) to the extent such Total Debt is secured, the security interests in respect of such Total Debt shall rank junior in priority to the Security;

(d) the maximum principal amount of such Total Debt shall not be greater than Cdn.$400,000,000 (or the Equivalent Amount thereof);

(e) the terms of such Total Debt shall not include any scheduled payments of principal prior to or concurrently with the latest Maturity Date in effect on the date such Total Debt is issued;

(f) if the terms of such Total Debt provide for the maintenance of financial covenants, such financial covenants are not more restrictive than the financial covenants set forth herein;

(g) all other covenants in connection with such Total Debt are not, taken as a whole, materially more restrictive than the covenants set forth herein, taken as a whole;

(h) to the extent such Total Debt is secured, the holders of such Total Debt (or an agent or trustee on their behalf) shall have entered into an intercreditor agreement with the Agent on terms and conditions satisfactory to the Agent, acting reasonably, which, for certainty, shall include a standstill period in favour of the Agent and the Lenders of not less than 180 days;

(i) such Total Debt shall be issued in connection with a Permitted Note Refinancing; and

(j) the incurrence of such Total Debt (including the payment of interest and fees in connection therewith) shall not result in a net increase in annual interest costs to the Borrower (with any initial upfront fees, commitment fees and other similar one-time fees amortized over the term of such Total Debt and included in such costs) over such costs incurred or to be incurred in connection with the 2018 Senior Unsecured Note Documentation.

"**Adjustment Time**" means the time of occurrence of the last event necessary (being either the delivery of a Demand for Payment or the occurrence of a Termination Event) to ensure that all Obligations, Bank Product Obligations and Financial Instrument Obligations under any Lender Financial Instruments are thereafter due and payable.

"**Advance**" means an advance of funds made by the Lenders or by any one or more of them to the Borrower (including by way of overdraft under the Operating Facility), but does not include any Conversion or Rollover.

"**Affected Loan**" has the meaning set out in Section 13.4.

"**Affiliate**" means any person which, directly or indirectly, controls, is controlled by or is under common control with another person; and, for the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" or "under common control with") means the power to direct or cause the direction of the management and policies of any person, whether through the ownership of shares or by contract or otherwise.

"**Agency Fee Agreement**" means the amended and restated agency fee agreement dated as of September 27, 2017 granted by the Borrower in favour of the Agent respecting the payment of certain fees and other amounts to the Agent for its own account.

"**Agent's Accounts**" means the following accounts maintained by the Agent to which payments and transfers under this Agreement are to be effected:

(a) for Canadian Dollars:

HSBC Bank Canada
SWIFT: HKBCCATT
Cdn$ Account No.: (10)824-930401-011
Favour: HSBC Bank Canada
Ref: Calfrac Well Services Ltd.
Attn: Agency Services; and

(b) for United States Dollars:

SWIFT: CITIUS33
Account: 36351304
ABA: 021000089

Beneficiary: HSBC Bank Canada
SWIFT: HKBCCATT
US$ Account No.: (10)824-930401-021
Favour: HSBC Bank Canada
Ref: Calfrac Well Services Ltd.
Attn: Agency Services

or such other account or accounts as the Agent may from time to time designate by notice to the Borrower and the Lenders.

"**Agreement**" means this amended and restated credit agreement, as the same may be further amended, modified, supplemented or restated from time to time in accordance with the provisions hereof.

"**Anti-Money Laundering Laws**" means the USA Patriot Act; the Trading with the Enemy Act, and each of the foreign assets control regulations of the United States Treasury Department and any other enabling legislation or executive order relating thereto; the U.S. Money Laundering Control Act of 1986 and the regulations and rules promulgated thereunder, as amended from time to time and any other federal or state laws relating to "know your customer" rules and regulations; the U.S. Bank Secrecy Act and the regulations and rules promulgated thereunder, as amended from time to time; and corresponding laws of (a) the European Union designed to combat money laundering and terrorist financing and (b) jurisdictions in which the Borrower operates or in which the proceeds of the Loans will be used or from which repayments of the Obligations will be derived including *the Canadian Proceeds of Crime (Money Laundering) and the Terrorism Financing Act* and the regulations promulgated thereunder.

"**Applicable Laws**" or "**applicable law**" means, in relation to any person, transaction or event:

(a) all applicable provisions of laws, statutes, rules and regulations from time to time in effect of any Governmental Authority; and

(b) all Governmental Authorizations to which the person is a party or by which it or its property is bound or having application to the transaction or event.

"**Applicable Pricing Rate**", as regards any Loan or the standby fees payable in accordance with Section 5.6, means, when the Funded Debt to EBITDA Ratio is one of the following, the percentage rate per annum set forth opposite such ratio in the column applicable to the type of Loan in question or such standby fee:

Tier	**Funded Debt to EBITDA Ratio**	**Margin on Canadian Prime Rate Loans and U.S. Base Rate Loans**	**Margin on LIBOR Loans, Acceptance Fees for Bankers' Acceptances and Issuance Fees for Letters of Credit**	**Standby Fees on each Credit Facility**
I	less than 1.00:1.00	0.50% per annum	1.50% per annum	0.3000% per annum
II	equal to or greater than 1.00:1.00 and less than 1.50:1.00	0.75% per annum	1.75% per annum	0.3500% per annum
III	equal to or greater than 1.50:1.00 and less than 2:00:1.00	1.00% per annum	2.00% per annum	0.4000% per annum

IV	equal to or greater than 2:00:1.00 and less than 2:50:1.00	1.25% per annum	2.25% per annum	0.4500% per annum
V	equal to or greater than 2:50:1.00	1.50% per annum	2.50% per annum	0.5000% per annum

provided that:

(a) notwithstanding that the Applicable Pricing Rate is based upon the Funded Debt to EBITDA Ratio, if:

(i) the Total Debt to EBITDA Ratio exceeds 4.00:1.00, the above rates per annum applicable to Loans and standby fees shall be set at the following until such time as the Borrower has delivered to the Agent a Compliance Certificate certifying that the Total Debt to EBITDA Ratio is less than or equal to 4.00:1.00:

(A) in the case of Canadian Prime Rate Loans and U.S. Base Rate Loans, 2.50% per annum;

(B) in the case of LIBOR Loans, acceptance fees for Bankers' Acceptances and issuance fees for Letters of Credit, 3.50% per annum; and

(C) in the case of standby fees on each Credit Facility, 0.700% per annum; and

(ii) the Total Debt to EBITDA Ratio exceeds 3.00:1.00 but is less than or equal to 4.00:1.00, the above rates per annum applicable to Loans and standby fees shall be set at the following until such time as the Borrower has delivered to the Agent a Compliance Certificate certifying that the Total Debt to EBITDA Ratio is less than or equal to 3.00:1.00:

(A) in the case of Canadian Prime Rate Loans and U.S. Base Rate Loans, 1.50% per annum;

(B) in the case of LIBOR Loans, acceptance fees for Bankers' Acceptances and issuance fees for Letters of Credit, 2.50% per annum; and

(C) in the case of standby fees on each Credit Facility, 0.500% per annum;

(b) without duplication of (c) below, upon the occurrence of an Event of Default, the above rates per annum applicable to Loans shall each increase (as applicable) by 2.00% per annum if and for so long as the Event of Default subsists;

(c) without duplication of (b) above, from and after three (3) days following the date of delivery to the Agent of a notice of a Borrowing Base Shortfall, the above rates per annum applicable to Loans under the Credit Facilities shall each increase by 2.00% per annum if and for so long as the Borrowing Base Shortfall subsists;

(d) the above rates per annum applicable to Libor Loans are expressed on the basis of a year of 360 days;

(e) the above rates per annum applicable to all other Loans are expressed on the basis of a year of 365 days;

(f) issuance fees for Letters of Credit which are not "direct credit substitutes" (as determined by the Operating Lender or the Fronting Lender, as applicable, acting reasonably) within the meaning of the Capital Adequacy Requirements shall be 66⅔% of the rate specified above; and

(g) changes in the Applicable Pricing Rate shall be effective in accordance with Section 8.7.

"**Approved Securities**" means obligations maturing within one year from their date of purchase or other acquisition by the Borrower or a Subsidiary and which are, directly or indirectly (including through a money market fund administered by the Agent):

(a) issued by the Government of Canada or the United States of America or an instrumentality or agency thereof and guaranteed fully as to principal, premium, if any, and interest by the Government of Canada or the United States of America;

(b) issued by a province of Canada or a state of the United States of America, or an instrumentality or agency thereof, which has a long term debt rating of at least A by S&P, A2 by Moody's, or A by DBRS; or

(c) term deposits, guaranteed investment certificates, certificates of deposit, bankers' acceptances or bearer deposit notes, in each case, of any Canadian chartered bank or other Canadian financial institution or any bank or other financial institution incorporated under the laws of the United States of America or any state thereof which has a long term debt rating of at least A+ by S&P, A1 by Moody's, or A (high) by DBRS.

"**Assigned Interests**" has the meaning set out in Section 2.20.

"**Assignment Agreement**" means an assignment agreement substantially in the form of Schedule B annexed hereto, with such modifications thereto as may be required from time to time by the Agent, acting reasonably.

"**Attributable Debt**" means, in respect of any lease (excluding any lease characterized as an operating lease under generally accepted accounting principles as in effect on December 31, 2018 entered into in the ordinary course of business) entered into by a person or a Subsidiary thereof as lessee, the present value (discounted at the rate of interest implicit in such transaction, determined

in accordance with generally accepted accounting principles) of the lease payments of the lessee, including all rent and payments to be made by the lessee in connection with the return of the leased property, during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended) but excluding for certainty, (a) amounts required to be paid on account of insurance, taxes, assessments, utility, operating and labour costs and similar charges and (b) amounts payable by a lessee in connection with the exercise of any end of term purchase option, early buy out option or any similar amounts payable at the election of the lessee.

"**BA Discount Rate**" means:

(a) in relation to a Bankers' Acceptance accepted by a Schedule I Lender, the CDOR Rate;

(b) in relation to a Bankers' Acceptance accepted by a Schedule II Lender or Schedule III Lender, the lesser of:

(i) the Discount Rate then applicable to bankers' acceptances accepted by such Schedule II Lender or Schedule III Lender; and

(ii) the CDOR Rate plus 0.10% per annum,

provided that if both such rates are equal, then the "BA Discount Rate" applicable thereto shall be the rate specified in (i) above; and

(c) in relation to a BA Equivalent Advance:

(i) made by a Schedule II Lender or Schedule III Lender, the rate determined in accordance with subparagraph (b) of this definition; and

(ii) made by any other Lender, the CDOR Rate.

"**BA Equivalent Advance**" means, in relation to a Drawdown of, Conversion into or Rollover of Bankers' Acceptances, an advance in Canadian Dollars made by a Non-Acceptance Lender as part of such Loan.

"**Bail-In Action**" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" means with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Bankers' Acceptance**" means a draft in Canadian Dollars drawn by the Borrower, accepted by a Lender and issued for value pursuant to this Agreement.

"**Banking Day**" means, in respect of a Libor Loan, a day on which banks are open for business in Calgary, Alberta, Toronto, Ontario, New York, New York and London, England, and, for all other purposes, shall mean a day on which banks are open for business in Calgary, Alberta, Toronto, Ontario and New York, New York, but does not in any event include a Saturday or a Sunday.

"**Bank Product Affiliates**" means any Affiliate of a Lender which provides a Bank Product.

"**Bank Products**" means any facilities or services related to cash management, including treasury, depository, overdraft, credit or debit card, purchase card, electronic funds transfer, cash pooling and other cash management arrangements and commercial credit card and merchant card services provided to the Borrower or any of its Subsidiaries by any Lender or its Affiliates.

"**Bank Product Obligations**" means all obligations of the Borrower and its Subsidiaries arising under or in connection with Bank Products.

"**Basel III**" means the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking system", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision on 16 December 2010, each as amended, supplemented or restated from time to time.

"**Borrowing Base**" means, without duplication, the amount in Canadian Dollars equal to the aggregate of:

(a) 75% of all Eligible Accounts Receivable owing by Account Debtors (i) rated BB+ or lower by S&P or the equivalent by a similar rating agency or (ii) not rated by S&P or any similar rating agency;

(b) 85% of all Eligible Accounts Receivable owing by Account Debtors rated BBB- or higher by S&P or the equivalent by a similar rating agency (and such other Account Debtors as are otherwise agreed to by the Borrower and the Majority of the Lenders, acting reasonably, at the request of the Borrower which is permitted up to one time per fiscal quarter);

(c) to the extent not included in subparagraphs (a) or (b) above, 85% of Acceptable Insured Receivables;

(d) 25% of the net book value of the property, plant and equipment (excluding property, plant and equipment (i) under construction and (ii) which are included in joint ventures unless title to such property, plant and equipment remains solely with the Borrower or the applicable Subsidiary and the Borrower or the applicable Subsidiary have the unfettered right to remove such property, plant and equipment from the joint venture in its sole discretion) of the Borrower and its Subsidiaries which have provided Security which property, plant and equipment is located in Canada and the United States of America and over which the Agent and the Lenders have a first ranking perfected Security Interest (and for the purposes of this provision the Lenders shall be deemed to have a first ranking perfected Security

Interest over property, plant and equipment owned by the Borrower or any such Subsidiary which has granted Security which is located in the United States of America consisting of Titled Assets), provided that such property, plant and equipment shall only be included in the determination of the Borrowing Base up to a maximum of Cdn.$150,000,000; and

(e) 100% of Unencumbered Cash,

less:

(i) an amount equal to all due and payable but unpaid statutory source deductions of the Borrower and its Subsidiaries who have provided Security;

(ii) an amount equal to all due and payable but unpaid wages, vacation pay and other compensation for services rendered by employees of the Borrower and its Subsidiaries who have provided Security; and

(iii) any other claims ranking in priority to the Security.

"**Borrowing Base Certificate**" means a report and certificate of the Borrower substantially in the form annexed hereto as Schedule J which, *inter alia*, provides:

(a) a calculation of the net book value of the property, plant and equipment of the Borrower and its Subsidiaries which have provided Security located in Canada or the United States of America subject to the exclusions contained in subparagraph (d) of the definition of "Borrowing Base" which assets are not included in the determination of the Borrowing Base;

(b) a summary of all Accounts Receivable and corresponding and offsetting accounts payable of the Borrower and its Subsidiaries which have provided Security from Account Debtors located in Canada or the United States of America as of the relevant calendar month end (including particulars of all Account Debtors and the age of such Accounts Receivable) which summary shall provide details of any Eligible Accounts Receivable subject to a *bona fide* dispute between the Account Debtor and the Borrower;

(c) evidence satisfactory to the Agent, acting reasonably, that all Acceptable Insured Receivables listed in the Borrowing Base Certificate are permitted pursuant to the definition of Acceptable Insured Receivables;

(d) a summary of all Unencumbered Cash;

(e) a summary of all due and payable but unpaid statutory source deductions, all due and payable but unpaid wages, vacation pay and other compensation for services rendered by employees of the Borrower and the Subsidiaries which have provided Security and any other claims ranking in priority to the Security; and

(f) the Borrower's calculation of the Borrowing Base as at the applicable calendar month end (including particulars of the basis on which the Borrower has made such calculation) together with a certificate of the Borrower certifying such calculation and the Borrowing Base; provided that it is acknowledged and agreed that the Lenders may re-determine the Borrowing Base in accordance with Section 2.26.

"**Borrowing Base Notice**" has the meaning set out in Section 2.26.

"**Borrowing Base Shortfall**" has the meaning set out in Section 2.26.

"**Calfrac LP**" means Calfrac Holdings LP, a limited partnership formed under the laws of the State of Delaware.

"**Calfrac U.S**." means Calfrac Well Services Corp., a corporation incorporated under the laws of the State of Colorado.

"**Canadian Dollars**" and "**Cdn.$**" mean the lawful money of Canada.

"**Canadian Prime Rate**" means, for any day, the greater of:

(a) the rate of interest per annum established from time to time by the Agent or the Operating Lender, as applicable, as the reference rate of interest for the determination of interest rates that the Agent or Operating Lender, as applicable, will charge to customers of varying degrees of creditworthiness in Canada for Canadian Dollar demand loans in Canada; and

(b) the rate of interest per annum equal to the average annual yield rate for one month Canadian Dollar bankers' acceptances (expressed for such purpose as a yearly rate per annum in accordance with Section 5.4) which rate is shown on the display referred to as the "CDOR Page" (or any display substituted therefor) of Reuters Limited (or any successor thereto or Affiliate thereof) at 10:00 a.m. (Toronto time) on such day or, if such day is not a Banking Day, on the immediately preceding Banking Day, plus 1.00% per annum,

provided that if both such rates are equal or if such one month bankers' acceptance rate is unavailable for any reason on any date of determination, then the "Canadian Prime Rate" shall be the rate specified in (a) above.

"**Canadian Prime Rate Loan**" means an Advance in, or Conversion into, Canadian Dollars made by the Lenders (or any of them) to the Borrower with respect to which the Borrower has specified or a provision hereof requires that interest is to be calculated by reference to the Canadian Prime Rate.

"**Capital Adequacy Requirements**" means Guideline A, effective November 2018 / January 2019, entitled "Capital Adequacy Requirement (CAR) – Simpler Approaches" and Guideline A-I, dated April 2014, entitled "Capital Adequacy Requirements (CAR)" each issued by the Office of the Superintendent of Financial Institutions Canada and all other guidelines or requirements relating to capital adequacy issued by the Office of the Superintendent of Financial Institutions

Canada or any other Governmental Authority regulating or having jurisdiction with respect to any Lender, as amended, modified, supplemented, reissued or replaced from time to time.

"**Capitalization**" means, as at any date of determination, without duplication, the sum of (a) Equity and (b) all outstanding Total Debt, as determined for the Borrower and its Subsidiaries on a consolidated basis.

"**Cash Collateral**" has the meaning set out in Section 2.17.

"**Cash Collateral Account**" has the meaning set out in Section 2.17.

"**CDOR Rate**" means, on any date which Bankers' Acceptances are to be issued pursuant hereto, the per annum rate of interest which is the rate determined as being the arithmetic average of the annual yield rates applicable to Canadian Dollar bankers' acceptances having identical issue and comparable maturity dates as the Bankers' Acceptances proposed to be issued by the Borrower displayed and identified as such on the display referred to as the "CDOR Page" (or any display substituted therefor) of Reuters Limited (or any successor thereto or Affiliate thereof) as at approximately 10:00 a.m. (Toronto time) on such day, or if such day is not a Banking Day, then on the immediately preceding Banking Day (as adjusted by the Agent or the Operating Lender, as applicable, in good faith after 10:00 a.m. (Toronto time) to reflect any error in a posted rate or in the posted average annual rate); provided, however, if such a rate does not appear on such CDOR Page, then the CDOR Rate, on any day, shall be the Discount Rate quoted by the Agent or the Operating Lender, as applicable, (determined as of 10:00 a.m. (Toronto time) on such day) which would be applicable in respect of an issue of bankers' acceptances in a comparable amount and with comparable maturity dates to the Bankers' Acceptances proposed to be issued by the Borrower on such day, or if such day is not a Banking Day, then on the immediately preceding Banking Day; provided that, if the rate determined above shall ever be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"**Change of Control**" means and shall be deemed to have occurred if and when:

(a) any person or persons "acting jointly or in concert" (within the meaning ascribed to such phrase in the Multi-Lateral Instrument 62-104 - Take-Over Bids and Issuer Bids) shall beneficially own, directly or indirectly, Voting Shares in the capital of the Borrower which have or represent more than 50% of all of the votes entitled to be cast by shareholders for an election of the board of directors of the Borrower;

(b) other than in the case of a Permitted Replacement, individuals who were elected as members of the board of directors of the Borrower by the most recent resolutions of the shareholders of the Borrower shall no longer constitute a majority of the board of directors of the Borrower at any time prior to the next following resolutions of the shareholders of the Borrower relating to the election of the same; or

(c) other than in the case of a Permitted Replacement, individuals who were members of the board of directors of the Borrower immediately prior to resolutions of the shareholders of the Borrower relating to the election of directors shall not constitute a majority of the board of directors following such election.

"**clearing house**" has the meaning set out in Section 6.4.

"**Collateral Investment**" has the meaning set out in Section 2.17.

"**Commitment**" means a Syndicated Facility Commitment or an Operating Facility Commitment.

"**Commodity Exchange Act**" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"**Common Share Proceeds**" has the meaning set out in Section 10.3(2).

"**Compliance Certificate**" means a certificate of the Borrower signed on its behalf by the president, chief financial officer, vice president finance or treasurer of the Borrower, substantially in the form annexed hereto as Schedule C, to be given to the Agent and the Lenders by the Borrower pursuant hereto.

"**Consolidated Net Tangible Assets**" means, as at any date of determination, all consolidated assets of the Borrower as shown in a consolidated balance sheet of the Borrower for such date, less the aggregate of the following amounts reflected upon such balance sheet:

(a) all goodwill, deferred assets, trademarks, copyrights and other similar intangible assets;

(b) to the extent not already deducted in computing such assets and without duplication, depreciation, depletion, amortization, reserves and any other account which reflects a decrease in the value of an asset or a periodic allocation of the cost of an asset; provided that no deduction shall be made under this subparagraph (b) to the extent that such account reflects a decrease in value or periodic allocation of the cost of any asset referred to in subparagraph (a) above; and

(c) non-controlling interests in a person not directly or indirectly owned or held by the Borrower or one of its Subsidiaries,

all as determined in accordance with generally accepted accounting principles.

"**Conversion**" means a conversion or deemed conversion of a Loan under a given Credit Facility into another type of Loan under the same Credit Facility pursuant to the provisions hereof, provided that, subject to Section 2.8 and to Article 6 with respect to Bankers' Acceptances, the conversion of a Loan denominated in one currency to a Loan denominated in another currency shall be effected by repayment of the Loan or portion thereof being converted in the currency in which it was denominated and readvance to the Borrower of the Loan into which such conversion was made.

"**Conversion Date**" means the date specified by the Borrower as being the date on which the Borrower has elected to convert, or this Agreement requires the conversion of, one type of Loan into another type of Loan and which shall be a Banking Day.

"**Conversion Notice**" means a notice substantially in the form annexed hereto as Schedule D to be given to the Agent or the Operating Lender, as applicable, by the Borrower pursuant hereto.

"**Credit Card Obligations**" means all obligations to the Lenders and the Bank Product Affiliates arising under corporate credit cards of the Borrower and the Material Subsidiaries.

"**Credit Facilities**" means, collectively, the Syndicated Facility and the Operating Facility, and "**Credit Facility**" means either one of such credit facilities.

"**Currency Excess**" has the meaning set out in Section 2.18.

"**Currency Excess Deficiency**" has the meaning set out in Section 2.18.

"**Currency Hedging Agreement**" means any currency swap agreement, cross currency agreement, forward agreement, floor, cap or collar agreement, futures or options, insurance or other similar agreement or arrangement, or any combination thereof, entered into by the Borrower or a Subsidiary where the subject matter of the same is currency exchange rates or the price, value or amount payable thereunder is dependent or based upon currency exchange rates or fluctuations in currency exchange rates as in effect from time to time.

"**Current Assets**" and "**Current Liabilities**" mean the consolidated current assets and consolidated current liabilities (excluding the current portion of long term liabilities), respectively, of the Borrower and its Subsidiaries determined in accordance with generally accepted accounting principles as the same would be set forth or reflected on a consolidated balance sheet of the Borrower.

"**DBNA**" has the meaning set out in Section 6.4.

"**DBRS**" means DBRS Limited and any successors thereto.

"**Declining Lender**" has the meaning set out in Section 2.22.

"**Default**" means any event or condition which, with the giving of notice, lapse of time or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

"**Defaulting Lender**" means any Lender:

(a) that has failed to fund any payment or its portion of any Loan required to be made by it hereunder or to purchase any participation required to be purchased by it hereunder and under the other Documents;

(b) that has notified the Borrower, the Agent or any Lender (verbally or in writing) that it does not intend to or is unable to comply with any of its funding obligations under this Agreement or has made a public statement to that effect or to the effect that it does not intend to or is unable to fund advances generally under credit arrangements to which it is a party;

(c) that has failed, within 3 Banking Days after request by the Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans;

(d) that has otherwise failed to pay over to the Agent, the Fronting Lender or any other Lender any other amount required to be paid by it hereunder within 3 Banking Days of the date when due, unless the subject of a good faith dispute;

(e) in respect of which a Lender Insolvency Event or a Lender Distress Event has occurred in respect of such Lender or its Lender Parent;

(f) that has, or that has a Lender Parent that has, become the subject of a Bail-In Action; or

(g) with respect to which the Agent has concluded, acting reasonably, and has advised the Lenders in writing, that it is of the view that there is a reasonable chance that such Lender shall become a Defaulting Lender pursuant to subparagraphs (a)to (f), inclusive, of this definition.

"**Demand for Payment**" means an Acceleration Notice or a Financial Instrument Demand for Payment.

"**Departing Agent**" has the meaning set out in Section 11.8.

"**Disclosed Litigation Matters**" means the outstanding litigation claims in Greece of each of Avenides, Papameris, Hainas and Iknainish relating to the Greek oil and gas operations indirectly conducted by the Borrower's predecessor, Denison Energy Inc., and which are described in the notes to the Borrower's most recent publicly released financial statements.

"**Discount Proceeds**" means the net cash proceeds to the Borrower from the sale of a Bankers' Acceptance pursuant hereto or, in the case of BA Equivalent Advances, the amount of a BA Equivalent Advance at the BA Discount Rate, in any case, before deduction or payment of the fees to be paid to the Lenders under Section 6.2.

"**Discount Rate**" means, with respect to the issuance of a bankers' acceptance, the rate of interest per annum, calculated on the basis of a year of 365 days, (rounded upwards, if necessary, to the nearest whole multiple of $1/100^{th}$ of one percent) which is equal to the discount exacted by a purchaser taking initial delivery of such bankers' acceptance, calculated as a rate per annum and as if the issuer thereof received the discount proceeds in respect of such bankers' acceptance on its date of issuance and had repaid the respective face amount of such bankers' acceptance on the maturity date thereof.

"**Distribution**" means:

(a) the declaration, payment or setting aside for payment of any dividend or other distribution on or in respect of any shares in the capital of the Borrower (including any return of capital); or

(b) the redemption, retraction, purchase, retirement or other acquisition, in whole or in part, of any shares in the capital of the Borrower or any securities, instruments or contractual rights capable of being converted into, exchanged or exercised for shares in the capital thereof, including, without limitation, options, warrants, conversion or exchange privileges and similar rights,

and whether any of the foregoing is made, paid or satisfied in or for cash, property or any combination thereof.

"**Documents**" means this Agreement, the Security, the Agency Fee Agreement, the Fee Letter, any intercreditor agreement entered into in connection with Additional Permitted Debt and all certificates, notices, instruments and other documents delivered or to be delivered to the Agent, the Operating Lender or the Lenders, or each, in relation to the Credit Facilities pursuant hereto or thereto and, when used in relation to any person, the term "Documents" shall mean and refer to the Documents executed and delivered by such person.

"**Drafts**" means drafts, bills of exchange, receipts, acceptances, demands and other requests for payment drawn or issued under a Letter of Credit.

"**Drawdown**" means:

(a) an Advance of a Canadian Prime Rate Loan, U.S. Base Rate Loan or Libor Loan;

(b) the issue of Bankers' Acceptances (or the making of a BA Equivalent Advance in lieu thereof) other than as a result of Conversions or Rollovers; or

(c) the issue of Letters of Credit

"**Drawdown Date**" means the date on which a Drawdown is made by the Borrower pursuant to the provisions hereof and which shall be a Banking Day.

"**Drawdown Notice**" means a notice substantially in the form annexed hereto as Schedule E to be given to the Agent or the Operating Lender, as applicable, by the Borrower pursuant hereto.

"**EBITDA**" of the Borrower in any financial period means the Net Income for such period, plus (in each case, on a consolidated basis):

(a) Interest Expense, to the extent deducted in determining Net Income;

(b) all amounts deducted in the calculation of Net Income in respect of the provision for income taxes (in accordance with generally accepted accounting principles);

(c) all amounts deducted in the calculation of Net Income in respect of non-cash items, including depletion, depreciation, amortization and deferred taxes;

(d) losses attributable to non-controlling interests and extraordinary and non-recurring losses, costs and expenses of the Borrower (including all one-time costs incurred in

connection with the disposition of assets or shares and restructuring costs), in each case, to the extent deducted in the calculation of Net Income;

(e) all amounts which would otherwise constitute EBITDA which are attributable to (i) assets acquired in such period or (ii) shares or other ownership interests in a person which becomes a Subsidiary of the Borrower acquired in such period; and

(f) non-cash stock-based compensation;

less (in each case, on a consolidated basis):

(g) earnings attributable to non-controlling interests and extraordinary and non-recurring earnings and gains of the Borrower, in each case, to the extent included in the calculation of Net Income;

(h) all cash payments during such period relating to non-cash charges which were added back in determining EBITDA in any prior period; and

(i) EBITDA attributable to (i) assets sold, transferred or otherwise disposed of in such period or (ii) shares or other ownership interests in a Subsidiary of the Borrower sold, transferred or otherwise disposed of in such period,

provided, however, that EBITDA (as defined above and without duplication) (a) of any Subsidiary whose jurisdiction of incorporation, formation or organization is a jurisdiction other than Canada, the United States of America, the United Mexican States, the Russian Federation, the Republic of Cyprus, Argentina, Colombia, Peru, Brazil, or any other country approved, from time to time, by the Majority of the Lenders, acting reasonably, (or any province, territory, state, district or federal subject thereof); and (b) derived from the operations of the Borrower or any Subsidiary in a jurisdiction other than Canada, the United States of America, the United Mexican States, the Russian Federation, the Republic of Cyprus, Argentina, Colombia, Peru, Brazil or any other country approved, from time to time by the Majority of the Lenders, acting reasonably, shall be excluded from the above calculation of EBITDA for all purposes of this Agreement.

"**EEA Financial Institution**" means:

(a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority;

(b) any entity established in an EEA Member Country which is a parent of an institution described in subparagraph (a) of this definition; or

(c) any institution established in an EEA Member Country which is a subsidiary of an institution described in subparagraph (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" means any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Accounts Receivable**" means an Account Receivable which:

(a) if it arises from the provision of services, such services have been performed for the Account Debtor under such Account Receivable and if it arises from the sale or lease of goods, title to such goods has passed to the Account Debtor under such Account Receivable or such goods have been shipped to the Account Debtor;

(b) is a valid and legally enforceable obligation of the Account Debtor and is not subject to any offset, counter-claim or other defence which has been asserted on the part of such Account Debtor or to any other claim on the part of such Account Debtor denying liability thereunder in full or in part;

(c) is due from an Account Debtor located in Canada or the United States of America or from an Account Debtor located outside of Canada or the United States of America which has been approved in writing by the Lenders, acting reasonably;

(d) is subject to a properly perfected security interest in favour of the Agent and the Lenders and not subject to any other Security Interest whatsoever other than (i) statutory liens and trusts arising by operation of law (and which, for certainty, have not been consensually created) which secure amounts which are neither due nor delinquent and (ii) Security Interests in favour of the holders of the Additional Permitted Debt provided such Additional Permitted Debt is permitted pursuant to the terms of the definition thereof;

(e) is evidenced by an invoice, purchase or service order or other similar written statement and has payment terms in accordance with the usual practice of the industry rendered to the appropriate Account Debtor, and is not evidenced by any instrument or chattel paper unless all necessary steps have been taken to perfect the security interest contained in such instrument or chattel paper;

(f) (i) with respect to an Account Debtor rated BB+ or lower by S&P or the equivalent by a similar rating agency, or not rated by S&P or any similar rating agency, is not outstanding more than 90 days after the invoice date of the relevant invoice, purchase order or other similar written statement and (ii) with respect to Account Debtors rated BBB- or higher by S&P or the equivalent by a similar rating agency (and such other Account Debtors as are otherwise agreed to by the Borrower and the Majority of the Lenders), is not outstanding more than 120 days after the invoice date of the relevant invoice, purchase order or other similar written statement (any such Account Receivable outstanding more than 90 or 120 days, as applicable, after the invoice date, a "**Delinquent Account Receivable**");

(g) is not owing from an Account Debtor which is Insolvent;

(h) is owing from an Account Debtor which is not an Affiliate of the Borrower or a Subsidiary or, if such Account Debtor is an Affiliate of the Borrower or a Subsidiary, only if such parties are dealing on fair market terms consistent with terms that would be agreed to by arms' length parties;

(i) the Account Debtor of the Account Receivable is not a Governmental Authority except to the extent the Account Receivable is assignable without consent or all necessary consents to assignment have been obtained and all applicable statutory requirements for consent have been obtained and the Agent is satisfied as to the absence of setoffs, counterclaims and other defenses on the part of such Account Debtor; and

(j) is not, to the Borrower's and its Subsidiaries' actual knowledge, owing from a Sanctioned Person.

provided that:

(i) if Delinquent Accounts Receivable of any Account Debtor and its Affiliates to the Borrower and the Subsidiaries that have provided Security exceed 20% of the total Accounts Receivable owing by such Account Debtor and its Affiliates to the Borrower and its Subsidiaries that have provided Security and such Delinquent Accounts Receivable are not the subject of a *bona fide* dispute between the Account Debtor and the Borrower, then the Agent may, in its reasonable discretion, determine that all the Accounts Receivable of such Account Debtor and its Affiliates will not be Eligible Accounts Receivable; and

(ii) an Account Receivable which is at any time an Eligible Account Receivable, but which subsequently fails to meet any of the foregoing requirements, shall forthwith cease to be an Eligible Account Receivable.

"**Environmental Claims**" means any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations, inspections, inquiries or proceedings relating in any way to any Environmental Laws or to any permit issued under any such Environmental Laws including, without limitation:

(a) any claim by a Governmental Authority for enforcement, clean up, removal, response, remedial or other actions or damages pursuant to any Environmental Laws; and

(b) any claim by a person seeking damages, contribution, indemnification, cost recovery, compensation or injunctive or other relief resulting from or relating to Hazardous Materials, including any Release thereof, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment.

"**Environmental Laws**" means all Applicable Laws with respect to the environment or environmental or public health and safety matters contained in statutes, regulations, rules,

ordinances, orders, judgments, approvals, notices, permits or policies, guidelines or directives having the force of law.

"**Equity**" means the consolidated equity attributable to the shareholders of the Borrower and its Subsidiaries determined in accordance with generally accepted accounting principles on a consolidated basis as the same would be set forth or reflected on a consolidated balance sheet of the Borrower.

"**Equivalent Amount**" means, on any date, the equivalent amount in Canadian Dollars or United States Dollars, as the case may be, after giving effect to a conversion of a specified amount of United States Dollars to Canadian Dollars or of Canadian Dollars to United States Dollars, as the case may be, at the rate of exchange for Canadian interbank transactions established by the Bank of Canada and quoted at approximately the end of business (Toronto time) for the day in question or, if such determination is required to made prior to such time, as quoted at approximately the end of business (Toronto time) on the Banking Day immediately preceding the date of determination, or, if such rate is for any reason unavailable, at the spot rate quoted for wholesale transactions by the Agent or the Operating Lender, as applicable, at approximately noon (Toronto time) on that date in accordance with its normal practice.

"**EU Bail-In Legislation Schedule**" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Event of Default**" has the meaning set out in Section 12.1.

"**Extending Lender**" has the meaning set out in Section 2.20.

"**FATCA**" means (a) Sections 1471 through 1474 of the U.S. Code, as of the date of this Agreement (or any amended or successor version), any current or future regulations or official interpretations thereof, and any agreements entered into pursuant to the foregoing; and (b) any similar law adopted by any non-U.S. Governmental Authority pursuant to an intergovernmental agreement between such non-U.S. jurisdiction and the United States of America.

"**Federal Funds Rate**" means, for any day, the rate of interest per annum equal to (a) the weighted average (rounded upwards, if necessary, to the next $1/100^{th}$ of one percent per annum) of the annual rates of interest on overnight Federal funds transactions with members of the Federal Reserve Board of the United States of America (or any successor thereof) arranged by Federal funds brokers on such day, as published on the next succeeding Banking Day by the Federal Reserve Bank of New York (or any successor thereto) or, (b) if such day is not a Banking Day, such weighted average for the immediately preceding Banking Day for which the same is published or, (c) if such rate is not so published for any day that is a Banking Day, the average (rounded upwards, if necessary, to the next $1/100^{th}$ of one percent per annum) of the quotations for such day on such transactions received by the Agent or the Operating Lender, as applicable, from three Federal funds brokers of recognized standing selected by the Agent or the Operating Lender, as applicable.

"**Federal Reserve Board**" or "**Federal**" means the Board of Governors of the Federal Reserve System of the United States of America or any successor thereof.

"**Fee Letter**" means the fee letter dated as of April 17, 2019 from the Agent to the Borrower and accepted and agreed to by the Borrower as April 24, 2019 respecting the payment of certain fees payable to HSBC Bank Canada and the other Lenders.

"**Financial Assistance**" means, with respect to any person and without duplication, any loan, Guarantee, indemnity, assurance, acceptance, extension of credit, loan purchase, share purchase, equity or capital contribution, investment or other form of direct or indirect financial assistance or support of any other person or any obligation (contingent or otherwise) intended to enable another person to incur or pay any Total Debt or to comply with agreements relating thereto or otherwise to assure or protect creditors of the other person against loss in respect of Total Debt of the other person and includes any Guarantee of or indemnity in respect of the Total Debt of the other person and any absolute or contingent obligation to (directly or indirectly):

(a) advance or supply funds for the payment or purchase of any Total Debt of any other person;

(b) purchase, sell or lease (as lessee or lessor) any property, assets, goods, services, materials or supplies primarily for the purpose of enabling any person to make payment of Total Debt or to assure the holder thereof against loss;

(c) guarantee, indemnify, hold harmless or otherwise become liable to any creditor of any other person for, from, against or in respect of any losses, liabilities or damages in respect of Total Debt;

(d) make a payment to another for goods, property or services regardless of the non-delivery or non-furnishing thereof primarily for the purpose of enabling any person to make payment of Total Debt or to assure the holder thereof against loss; or

(e) make an advance, loan or other extension of credit to or to make any subscription for equity, equity or capital contribution, or investment in or to maintain the capital, working capital, solvency or general financial condition of another person,

but shall not include endorsements of bills of exchange for collection or deposit in the ordinary course of the business of the Borrower or its Subsidiaries, or, for greater certainty, any performance guarantee provided by the Borrower or any Subsidiary which is not a guarantee of Total Debt.

The amount of any Financial Assistance is the amount of any loan or direct or indirect financial assistance or support, without duplication, given, or all Total Debt of the obligor to which the Financial Assistance relates, unless the Financial Assistance is limited to a determinable amount, in which case the amount of the Financial Assistance is such determinable amount.

"**Financial Covenant/Term**" has the meaning set out in Section 1.4(2)(b).

"**Financial Instrument**" means any Interest Hedging Agreement or Currency Hedging Agreement.

"**Financial Instrument Demand for Payment**" means a demand made by a Lender or Hedging Affiliate pursuant to a Lender Financial Instrument demanding payment of the Financial Instrument Obligations which are then due and payable relating thereto and shall include, without

limitation, any notice under any agreement evidencing a Lender Financial Instrument which, when delivered, would require an early termination thereof and a payment by the Borrower or a Subsidiary in settlement of obligations thereunder as a result of such early termination.

"**Financial Instrument Obligations**" means obligations arising under Financial Instruments entered into by the Borrower or a Subsidiary to the extent of the net amount due or accruing due by the Borrower or such Subsidiary.

"**Financing Lender**" has the meaning set out in Section 2.22.

"**Former Lender**" has the meaning set out in Section 11.10.

"**Fronted LC**" means a Letter of Credit issued by the Fronting Lender for the account of the Syndicated Facility Lenders.

"**Fronting Lender**" means any Syndicated Facility Lender acceptable to the Borrower who agrees to issue Fronted LCs under the Syndicated Facility (and has executed and delivered an amendment hereto in accordance with Section 7.11(2) hereof).

"**Funded Debt**" means all Total Debt other than (i) the outstanding 2018 Senior Unsecured Notes, (ii) the Additional Permitted Debt, and (iii) any Guarantees by the Borrower, Calfrac U.S. or any other Subsidiary of the outstanding 2018 Senior Unsecured Notes or the Additional Permitted Debt.

"**Funded Debt to Capitalization Ratio**" means, as at a Quarter End, the ratio of (a) Funded Debt less Unencumbered Cash, as at such Quarter End to (b) Capitalization.

"**Funded Debt to EBITDA Ratio**" means, as at a Quarter End, the ratio of (a) Funded Debt less Unencumbered Cash, as at such Quarter End to (b) EBITDA for the 12 months ending at such Quarter End.

"**Governmental Authority**" means any federal, provincial, state, regional, municipal or local government or any department, agency, board, tribunal or authority thereof or other political subdivision thereof and any entity or person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or the operation thereof.

"**Governmental Authorization**" means an authorization, order, permit, approval, grant, license, consent, right, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decree or demand or the like issued or granted by law or by rule or regulation of any Governmental Authority.

"**Guarantee**" means any guarantee, undertaking to assume, endorse, contingently agree to purchase or to provide funds for the payment of, or otherwise become liable in respect of, any obligation of any person; provided that the amount of each Guarantee shall be deemed to be the amount of the obligation guaranteed thereby, unless the Guarantee is limited to a determinable amount in which case the amount of such Guarantee shall be deemed to be the lesser of such determinable amount or the amount of such obligation. For greater certainty, nothing contained in

this Agreement shall restrict the ability of the Borrower or any Subsidiary to provide performance guarantees not related to or guaranteeing Total Debt.

"**Hazardous Materials**" means any substance or mixture of substances which, if released into the environment, would likely cause, immediately or at some future time, harm or degradation to the environment or to human health or safety and includes any substance defined as or determined to be a pollutant, contaminant, waste, hazardous waste, hazardous chemical, hazardous substance, toxic substance or dangerous good under any Environmental Law.

"**Hedging Affiliate**" means any Affiliate of a Lender which enters into Financial Instrument.

"**IFRS**" means International Financial Reporting Standards including International Accounting Standards and Interpretations together with their accompanying documents which are set by the International Accounting Standards Board, the independent standard-setting body of the International Accounting Standards Committee Foundation (the "**IASC Foundation**"), and the International Financial Reporting Interpretations Committee, the interpretative body of the IASC Foundation.

"**Indemnified Parties**" means, collectively, the Agent and the Lenders, including a receiver, receiver manager or similar person appointed under applicable law, and their respective shareholders, Affiliates, officers, directors, employees and agents, and "**Indemnified Party**" means any one of the foregoing.

"**Indemnified Third Party**" has the meaning set out in Section 14.3.

"**Information**" has the meaning set out in Section 16.1.

"**Insolvent**", in respect of any person, means:

(a) such person is unable to generally pay its debts as such debts become due;

(b) a decree or order of a court of competent jurisdiction is entered adjudging such person a bankrupt under the Bankruptcy and Insolvency Act (Canada), proceedings are commenced in a court of competent jurisdiction in respect of such person under the Winding-up and Restructuring Act (Canada), or any proceeding is commenced with respect to such person under the Companies' Creditors Arrangement Act (Canada);

(c) any case, proceeding or other action shall be instituted in any court of competent jurisdiction against such person, seeking in respect of it an adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, a composition, proposal or arrangement with creditors, a readjustment of debts, the appointment of trustee in bankruptcy, receiver, receiver and manager, interim receiver, custodian, sequestrator or other person with similar powers with respect to such person or of all or any substantial part of its assets, or any other like relief in respect of such person under any bankruptcy or insolvency law and:

(i) such case, proceeding or other action results in an entry of an order for such relief or any such adjudication or appointment, or

(ii) such case, proceeding or other action shall continue undismissed, or unstayed and in effect, for any period of 10 consecutive Banking Days; or

(d) such person makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the Bankruptcy and Insolvency Act (Canada) or any comparable law, seeks relief under the Companies' Creditors Arrangement Act (Canada), the Winding-up and Restructuring Act (Canada) or any other bankruptcy, insolvency or analogous law, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee in bankruptcy, receiver, receiver and manager, interim receiver, custodian, sequestrator or other person with similar powers of itself or of all or any substantial portion of its assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition, administration or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors' rights or consents to, or acquiesces in, the filing of such assignment, proposal, relief, petition, proposal, appointment or proceeding.

"**Intellectual Property**" means, collectively, patents, patents pending, copyrights, proprietary processes or programs, industrial designs, trademarks, trademark applications, trade names and other intellectual property of every nature and kind.

"**Interest Expense**" means, for any period, without duplication, interest expense of the Borrower determined on a consolidated basis in accordance with generally accepted accounting principles as the same would be set forth or reflected in a consolidated statement of operations of the Borrower and, in any event and without limitation, shall include:

(a) all interest of the Borrower and its Subsidiaries accrued or payable in respect of such period, including capitalized interest;

(b) all fees of the Borrower and its Subsidiaries (including standby, commitment and stamping fees and fees payable in respect of letters of credit and letters of guarantee supporting obligations which constitute Total Debt) accrued or payable in respect of such period and which relate to any indebtedness or credit agreement, prorated (as required) over such period;

(c) any difference between the face amount and the discount proceeds of any bankers' acceptances, commercial paper and other obligations of the Borrower or any Subsidiary issued at a discount, prorated (as required) over such period; and

(d) all net amounts charged or credited to interest expense under any Interest Hedging Agreements in respect of such period.

"**Interest Hedging Agreement**" means any interest swap agreement, forward rate agreement, floor, cap or collar agreement, futures or options, insurance or other similar agreement or

arrangement, or any combination thereof, entered into by the Borrower or a Subsidiary where the subject matter of the same is interest rates or the price, value or amount payable thereunder is dependent or based upon the interest rates or fluctuations in interest rates in effect from time to time (but, for certainty, shall exclude conventional floating rate debt).

"**Interest Payment Date**" means:

(a) with respect to each Canadian Prime Rate Loan and U.S. Base Rate Loan, the first Banking Day of each calendar month; and

(b) with respect to each Libor Loan, the last day of each applicable Interest Period and, if any Interest Period is longer than 3 months, the last Banking Day of each 3 month period during such Interest Period,

provided that, in any case, the applicable Maturity Date or, if applicable, any earlier date on which a Credit Facility is fully cancelled or permanently reduced in full, shall be an Interest Payment Date with respect to all Loans then outstanding under such Credit Facility.

"**Interest Period**" means:

(a) with respect to each Canadian Prime Rate Loan and U.S. Base Rate Loan, the period commencing on the applicable Drawdown Date or Conversion Date, as the case may be, and terminating on the date selected by the Borrower hereunder for the Conversion of such Loan into another type of Loan or for the repayment of such Loan;

(b) with respect to each Bankers' Acceptance, the period selected by the Borrower hereunder and being of 1, 2, 3 or 6 months' duration, subject to market availability, (or, subject to the agreement of the Lenders, a longer or shorter period) commencing on the Drawdown Date, Rollover Date or Conversion Date of such Loan;

(c) with respect to each Libor Loan, the period selected by the Borrower and being of 1, 2, 3 or 6 months' duration (or, subject to the agreement of the Lenders, a longer or shorter period) commencing on the applicable Drawdown Date, Rollover Date or Conversion Date, as the case may be; and

(d) with respect to each Letter of Credit, the period commencing on the date of issuance of such Letter of Credit and terminating on the last day the Letter of Credit is outstanding,

provided that in any case: (i) the last day of each Interest Period shall be also the first day of the next Interest Period whether with respect to the same or another Loan; (ii) the last day of each Interest Period shall be a Banking Day and if the last day of an Interest Period selected by the Borrower is not a Banking Day the Borrower shall be deemed to have selected an Interest Period the last day of which is the Banking Day next following the last day of the Interest Period selected unless such next following Banking Day falls in the next calendar month in which event the Borrower shall be deemed to have selected an Interest Period the last day of which is the Banking

Day next preceding the last day of the Interest Period selected by the Borrower; and (iii) the last day of all Interest Periods for Loans outstanding under a given Credit Facility shall expire on or prior to the Maturity Date applicable thereto, subject, however, in the case of Letters of Credit to the provisions of Section 7.2.

"**Investment**" means (a) any purchase or other acquisition of shares or other equity securities (other than Approved Securities or the repurchase of the 2018 Senior Unsecured Notes in connection with a Permitted Note Refinancing) of any person (b) any loan or advance to or for the benefit of any person or (c) any capital contribution to any other person.

"**ISP 98**" has the meaning set out in Section 7.9.

"**Judgment Conversion Date**" has the meaning set out in Section 14.4.

"**Judgment Currency**" has the meaning set out in Section 14.4.

"**Lender BA Suspension Notice**" has the meaning set out in Section 13.2.

"**Lender Distress Event**" means, in respect of a given Lender, such Lender or its Lender Parent is subject to a forced liquidation, merger, sale or other change of control supported in whole or in part by guarantees or other support (including, without limitation, the nationalization or assumption of ownership or operating control by the Government of the United States of America, Canada or any other Governmental Authority) or is otherwise adjudicated as, or determined by any Governmental Authority having regulatory authority over such Lender or Lender Parent or their respective assets to be, insolvent, bankrupt or deficient in meeting any capital adequacy or liquidity standard of any such Governmental Authority.

"**Lender Financial Instrument**" means a Financial Instrument entered into between a Lender or a Hedging Affiliate and the Borrower or a Subsidiary.

"**Lender Financial Instrument Obligations**" means, collectively, all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, mature or not) of the Borrower and its Subsidiaries under, pursuant or relating to any and all Lender Financial Instruments.

"**Lender Insolvency Event**" means, in respect of a given Lender, such Lender or its Lender Parent:

(a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(b) becomes insolvent, is deemed insolvent by applicable law or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;

(c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;

(d) (i) institutes, or has instituted against it by a regulator, supervisor or any similar Governmental Authority with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, (A) a proceeding pursuant to which such Governmental Authority takes control of such Lender's or Lender Parent's assets, (B) a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy, insolvency or winding-up law or other similar law affecting creditors' rights, or (C) a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar Governmental Authority; or (ii) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy, insolvency or winding-up law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (i) above and either (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof;

(e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial portion of all of its assets;

(g) has a secured party take possession of all or a substantial portion of all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case, within 15 days thereafter;

(h) causes or is subject to any event with respect to it which, under the applicable law of any jurisdiction, has an analogous effect to any of the events specified in subparagraphs (a) to (g) above, inclusive; or

(i) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing.

"**Lender Libor Suspension Notice**" has the meaning set out in Section 13.1.

"**Lender Parent**" means any person that directly or indirectly controls a Lender and, for the purposes of this definition, "control" shall have the same meaning as set forth in the definition of "Affiliate" contained herein.

"**Lenders**" means the financial institutions named on Schedule A attached hereto, together with such other persons as become parties hereto and, in the context of provisions hereunder relating to:

(a) the Syndicated Facility and Loans thereunder, means the Syndicated Facility Lenders; and

(b) the Operating Facility and Loans thereunder, means the Operating Lender,

and "**Lender**" means any one of them, as applicable and as the context requires.

"**Lenders' Counsel**" means the firm of Borden Ladner Gervais LLP or such other firm of legal counsel as the Agent may from time to time designate.

"**Letter of Credit**" or "**LC**" means a letter of credit in form satisfactory to and issued by:

(a) in the case of LCs issued under the Operating Facility, the Operating Lender; and

(b) in the case of LCs issued under the Syndicated Facility, subject to Section 7.11, the Fronting Lender, for the account of the Syndicated Facility Lenders;

in each case acting at the request of and in accordance with the instructions of the Borrower, to make payment in accordance with the terms and conditions thereof of an amount to or to the order of a third party.

"**Libor Loan**" means an Advance in, or Conversion into, United States Dollars made by the Lenders to the Borrower with respect to which the Borrower has specified that interest is to be calculated by reference to the Libor Rate, and each Rollover in respect thereof.

"**Libor Rate**" means, for each Interest Period applicable to a Libor Loan, the rate of interest per annum (rounded upward to the nearest whole multiple of 1/100th of 1.00%), expressed on the basis of a year of 360 days, determined by the Agent or the Operating Lender, as applicable, at approximately 11:00 a.m. (London, England time) on the second Banking Day prior to the first day of such Interest Period by reference to the rate set by ICE Benchmark Administration for deposits in United States Dollars (as set forth by any service selected by the Agent or the Operating Lender, as applicable, that has been nominated by ICE Benchmark Administration as an authorized information vendor for the purpose of displaying such rates) for a period equal to the Interest Period in question; provided, however, that, to the extent that such rate is not ascertainable pursuant to the foregoing provisions of this definition, the "Libor Rate" shall be the rate per annum determined by the Agent or the Operating Lender, as applicable, to be the average of the rates per annum at which deposits of United States Dollars are offered for such relevant Interest Period to major banks in the London interbank market in London, England by the Agent or the Operating Lender, as applicable (or an Affiliate thereof, if the Agent or the Operating Lender, as applicable, does not offer such deposits) at approximately 11:00 a.m. (London, England time) on the second Banking Day prior to the first day of such Interest Period; provided further that, with respect to Libor Loans made by any Lender, the Libor Rate shall be the quotient of (a) the rate determined as set forth above divided by (b) a percentage equal to (i) 100% minus (ii) the stated maximum annual rate (expressed as a percent and carried out to the third decimal) as prescribed by the Federal Reserve Board of all reserve requirements (without duplication and including, without limitation, any marginal, emergency, supplemental, special or other reserve requirements) issued from time to time and applicable to assets or liabilities consisting of "Eurocurrency Liabilities" as specified in Regulation D (or any successor regulation) applicable on the first day of such Interest Period to any

member bank or the Federal Reserve Board in respect of Eurocurrency funding or liabilities; provided that the Libor Rate for each outstanding Loan shall be adjusted automatically as of the effective date of any change in clause (ii) above; provided that, if the rate determined above shall ever be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"**Loan**" means a Canadian Prime Rate Loan, U.S. Base Rate Loan, Libor Loan, Bankers' Acceptance or BA Equivalent Advance or Letter of Credit outstanding hereunder.

"**Majority of the Lenders**" means:

(a) if there is only 1 or 2 Lenders, all of the Lenders; and

(b) at any other time:

(i) during the continuance of a Default or an Event of Default, two or more Lenders the Rateable Portions of all Outstanding Principal of which are, in the aggregate, at least 66⅔% of all Outstanding Principal; and

(ii) at any other time, two or more Lenders the Commitments of which are, in the aggregate, at least 66⅔% of the Commitments of all Lenders hereunder.

"**Material Adverse Change**" means any event, circumstance, occurrence or change which results in, or which would reasonably be expected to result in, a material adverse change in:

(a) the financial condition of the Borrower and its Subsidiaries on a consolidated basis and taken as a whole;

(b) the ability of the Borrower or any of its Subsidiaries to observe or perform its obligations under the Documents to which it is a party or the validity or enforceability of such Documents or any material provision thereof;

(c) the property, business, operations, liabilities or capitalization of the Borrower and its Subsidiaries on a consolidated basis and taken as a whole; or

(d) the Security, the priority thereof or any right or remedy of the Agent and the Lenders thereunder.

"**Material Adverse Effect**" means a material adverse effect on:

(a) the financial condition of the Borrower and its Subsidiaries on a consolidated basis and taken as a whole;

(b) the ability of the Borrower or any of its Subsidiaries to observe or perform its obligations under the Documents to which it is a party or the validity or enforceability of such Documents or any material provision thereof;

(c) the property, business, operations, liabilities or capitalization of the Borrower and its Subsidiaries on a consolidated basis and taken as a whole; or

(d) the Security, the priority thereof or any right or remedy of the Agent and the Lenders thereunder.

"**Material Subsidiary**" means (a) Calfrac LP; (b) Calfrac U.S.; (c) any Subsidiary of the Borrower which owns or holds, directly or indirectly (whether through the ownership of or investments in other Subsidiaries of the Borrower or otherwise), any ownership interest in any assets or properties which are included for the purposes of the determination of the Borrowing Base; (d) subject to the Borrower's right to designate a Material Subsidiary to be a Non-material Subsidiary in accordance with Section 2.25, any Subsidiary that has granted Security in accordance with Article 11 and to ensure compliance with the Minimum PP&E Value Covenant; (e) subject to the Borrower's right to designate a Material Subsidiary to be a Non-material Subsidiary in accordance with Section 2.25, those Subsidiaries listed on Schedule I annexed hereto; and (f) those Subsidiaries designated as such from time to time by written notice from the Borrower to the Agent in accordance with Section 2.25.

"**Maturity Date**" means, (a) in respect of the Syndicated Facility and the Obligations owing to a given Lender under or pursuant to the Syndicated Facility, the Syndicated Facility Maturity Date; and (b) in respect of the Operating Facility and the Obligations owing under or pursuant to the Operating Facility, the Operating Facility Maturity Date.

"**Minimum PP&E Value Covenant**" has the meaning set out in Section 11.1(2).

"**Moody's**" means Moody's Investors Services, Inc. and any successors thereto.

"**Net Income**" means, in respect of any period for which it is being determined, the net income of the Borrower determined on a consolidated basis in accordance with generally accepted accounting principles.

"**Non-Acceptance Lender**" means (a) a Lender which ceases to accept bankers' acceptances in the ordinary course of its business or (b) in respect of Lenders other than Schedule I Lenders, a Lender who, by notice in writing to the Agent and the Borrower, elects thereafter to make BA Equivalent Advances in lieu of accepting Bankers' Acceptances.

"**Non-Defaulting Lender**" has the meaning set out in Section 16.2(4).

"**Non-Extending Lender**" has the meaning set out in Section 2.20.

"**Non-material Subsidiary"** has the meaning set out in Section 2.25.

"**Notice of Non-Extension**" has the meaning set out in Section 2.20.

"**Obligations**" means, at any time and from time to time, all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Borrower and its Subsidiaries to the Lenders or the Agent under, pursuant or relating to the Documents or the Credit Facilities and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including, without limitation, all principal, interest, fees, legal and other costs, charges and expenses, and other amounts payable by the Borrower under this Agreement.

"**OFAC**" means the U.S. Office of Foreign Assets Control of the U.S. Department of the Treasury.

"**Officer's Certificate**" means a certificate or notice (other than a Compliance Certificate) signed by any one of the president, chief financial officer, a vice president, treasurer, assistant treasurer, controller, corporate secretary or assistant secretary of the Borrower or Subsidiary, as the case may be, (including, in the case of a partnership a certificate or notice signed by such an officer of a general partner of such partnership); provided, however, that Drawdown Notices, Conversion Notices, Rollover Notices and Repayment Notices shall be executed on behalf of the Borrower by any one of the foregoing persons or such other persons as may from time to time be designated by written notice from the Borrower to the Agent or the Operating Lender, as applicable.

"**Operating Facility**" means the credit facility in the maximum principal amount of Cdn.$40,000,000 or the Equivalent Amount in United States Dollars to be made available to the Borrower by the Operating Lender in accordance with the provisions hereof, subject to any reduction in accordance with the provisions hereof.

"**Operating Facility Commitment**" means the commitment by a Lender under the Operating Facility to provide the amount of Canadian Dollars (or the Equivalent Amount thereof) set forth opposite its name in Schedule A annexed hereto, subject to any reduction in accordance with the terms hereof.

"**Operating Facility Extension Request**" has the meaning set out in Section 2.21.

"**Operating Facility Maturity Date**" means June 1, 2022 or such later date to which the same may be extended from time to time in accordance with Section 2.21.

"**Operating Lender**" means HSBC Bank Canada or any other Lender which hereafter has an Operating Facility Commitment.

"**Order**" has the meaning set out in Section 7.9.

"**Outstanding BAs Collateral**" has the meaning set out in Section 2.17.

"**Outstanding Principal**" means, at any time, the aggregate of (i) the principal amount of all outstanding Canadian Prime Rate Loans, (ii) the Equivalent Amount in Canadian Dollars of the principal of all outstanding U.S. Base Rate Loans and Libor Loans, (iii) the amounts payable at maturity of all outstanding Bankers' Acceptances and BA Equivalent Advances, (iv) the maximum amount available to be drawn under all outstanding Letters of Credit denominated in Canadian Dollars, and (v) the Equivalent Amount in Canadian Dollars of the maximum amount available to be drawn under all outstanding Letters of Credit denominated in United States Dollars.

"**Overdraft Loans**" has the meaning set out in Section 2.2.

"**Permitted Contest**" means action taken by or on behalf of the Borrower or a Subsidiary in good faith by appropriate proceedings diligently pursued to contest a Tax, claim or Security Interest, provided that:

(a) the person to which the Tax, claim or Security Interest being contested is relevant (and, in the case of a Subsidiary of the Borrower, the Borrower on a consolidated basis) has established reasonable reserves therefor if and to the extent required by generally accepted accounting principles;

(b) proceeding with such contest does not have, and would not reasonably be expected to have, a Material Adverse Effect; and

(c) proceeding with such contest will not create a material risk of sale, forfeiture or loss of, or interference with the use or operation of, a material part of assets of the Borrower and its Subsidiaries.

"**Permitted Debt**" means the following:

(a) the Obligations;

(b) Financial Instrument Obligations under and pursuant to Permitted Hedging;

(c) any Total Debt owing by (i) a Subsidiary of the Borrower which is not a Material Subsidiary or a Subsidiary which has provided Security to the Borrower or another Subsidiary, (ii) the Borrower to a Subsidiary which has provided Security and (iii) a Material Subsidiary or a Subsidiary which has provided Security to the Borrower or another Material Subsidiary or another Subsidiary which has provided Security, as applicable;

(d) Purchase Money Obligations; provided that the amount of such obligations do not, in the aggregate at any time, exceed Cdn.$25,000,000 (or the Equivalent Amount thereof in United States Dollars or the equivalent thereof in any other currency);

(e) the outstanding 2018 Senior Unsecured Notes;

(f) Total Debt consisting of Financial Assistance permitted under Section 10.2(f);

(g) Bank Product Obligations; provided that the principal amount of the Credit Card Obligations do not, in the aggregate at any time, exceed Cdn.$5,000,000 (or the Equivalent Amount thereof);

(h) Total Debt which is not otherwise Permitted Debt, provided that (i) subject to subparagraph (ii) hereof, the principal amount of such obligations do not, in the aggregate at any time, exceed Cdn.$125,000,000 (or the Equivalent Amount thereof in United States Dollars or the equivalent thereof in any other currency), and (ii) notwithstanding subparagraph (i) hereof, if the Borrower has delivered a Compliance Certificate certifying that the Total Debt to EBITDA Ratio exceeds 5.00:1.00 (and until such time as the Borrower delivers a Compliance Certificate

certifying that the Total Debt to EBITDA Ratio does not exceed 5.00:1.00), the principal amount of such obligations do not, in the aggregate at any time, exceed Cdn.$5,000,000 (or the Equivalent Amount thereof in United States Dollars or the equivalent thereof in any other currency) and further provided that any Total Debt permitted at the time incurred shall continue to be permitted and not subject to repayment as a result of subparagraph (ii); and

(i) the Additional Permitted Debt.

"**Permitted Disposition**" means, in respect of the Borrower or any of its Subsidiaries, any of the following:

(a) a sale or disposition by the Borrower or such Subsidiary in the ordinary course of business and in accordance with sound industry practice of tangible personal property that is obsolete, no longer useful for its intended purpose or being replaced in the ordinary course of business;

(b) a sale or disposition of any property or assets by a Subsidiary or a Material Subsidiary to the Borrower or a Material Subsidiary which has provided Security or by the Borrower to a Material Subsidiary which has provided Security;

(c) a sale or disposition by the Borrower or any Subsidiary of its interest in machinery, equipment or other tangible personal property for which Purchase Money Obligations were incurred and (i) such Purchase Money Obligations are fully repaid concurrently with such sale or disposition and (ii) such sale or disposition is made in the ordinary course of business at fair market value to a person at arm's length from the Borrower and its Subsidiaries;

(d) a sale or disposition of any property or assets located outside of Canada or the United States of America by the Borrower or any of its Subsidiaries;

(e) the sale of Accounts Receivable pursuant to Permitted Factoring Transactions; and

(f) a sale or disposition of any property or assets by the Borrower or a Subsidiary which is not otherwise a Permitted Disposition and which, whether in one or a series of transactions, in aggregate, have a fair market value which do not exceed Cdn.$20,000,000 in any calendar year.

"**Permitted Encumbrances**" means as at any particular time any of the following encumbrances on the property or any part of the property of the Borrower or any Subsidiary:

(a) liens for taxes, assessments or governmental charges not at the time due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;

(b) deemed liens and trusts arising by operation of law in connection with workers' compensation, employment insurance and other social security legislation, in each case, which secure obligations not at the time due or delinquent or, if due or

delinquent, the validity of which is being contested at the time by a Permitted Contest;

(c) liens under or pursuant to any judgment rendered, or claim filed, against the Borrower or a Subsidiary, which the Borrower or Subsidiary (as applicable) shall be contesting at the time by a Permitted Contest;

(d) undetermined or inchoate liens and charges incidental to construction or current operations which have not at such time been filed pursuant to law against the Borrower or a Subsidiary or which relate to obligations not due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;

(e) easements, rights of way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights of way and servitudes for railways, sewers, drains, gas and oil and other pipelines, gas and water mains, electric light and power and telecommunication, telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other persons which individually or in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of the Borrower and its Subsidiaries, taken as a whole;

(f) any builder's, mechanic's, garageman's, labourer's or materialman's lien or other similar lien arising in the ordinary course of business or out of the construction or improvement of any land or arising out of the furnishing of materials or supplies, provided that such lien secures monies not at the time overdue, or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;

(g) encumbrances incidental to the conduct of business or the ownership of property and assets not incurred in connection with the borrowing of money or obtaining credit and which do not, in the aggregate, detract in any material way from the value or usefulness of the property and assets of the Borrower and its Subsidiaries;

(h) any claim or encumbrance from time to time consented to by the Majority of the Lenders;

(i) in respect of any land, any defects or irregularities in the title to such land which are of a minor nature and which, in the aggregate, will not materially impair the use of such land for the purposes for which such land is held;

(j) security given by the Borrower or a Subsidiary to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of the Borrower or Subsidiary (as applicable), all in the ordinary course of its business which individually or in the aggregate do not materially detract from the value of

the asset concerned or materially impair its use in the operation of the business of the Borrower and its Subsidiaries, taken as a whole;

(k) the reservation in any original grants from the Crown of any land or interests therein and statutory exceptions and reservations to title;

(l) Security Interests in favour of the Lenders or the Agent on behalf of the Lenders;

(m) the Security;

(n) any operating lease as characterized under generally accepted accounting principles in effect on December 31, 2018 entered into in the ordinary course of business;

(o) pledges of cash or Approved Securities and bankers' liens, rights of set off and other similar liens existing solely with respect to such cash and Approved Securities on deposit in one or more accounts maintained by the Borrower or any of its Subsidiaries, in each case, granted in the ordinary course of business in favour of the Lender or Lenders with which such accounts are maintained, securing amounts owing to such Lender with respect to cash management and operating account arrangements, including those involving pooled accounts and netting arrangements or securing Permitted Hedging with a Lender;

(p) Security Interests securing a Purchase Money Obligation, provided that such Security Interests shall attach only to the property acquired in connection with which such Purchase Money Obligation was incurred (and proceeds thereof) and provided further that such Purchase Money Obligation is Permitted Debt;

(q) Security Interests securing the Permitted Debt referenced in subparagraph (h) in the definition thereof or other obligations of the Borrower or its Subsidiaries provided that, (i) subject to subparagraph (ii) hereof, the Total Debt or other obligations secured do not, in the aggregate exceed Cdn.$50,000,000 (or the Equivalent Amount thereof in United States Dollars or the equivalent thereof in any other currency) and (ii) notwithstanding subparagraph (i) hereof, if the Borrower has delivered a Compliance Certificate certifying that the Total Debt to EBITDA Ratio exceeds 5.00:1.00 (and until such time as the Borrower delivers a Compliance Certificate certifying that the Total Debt to EBITDA Ratio does not exceed 5.00:1.00), the Total Debt or other obligations secured do not, in the aggregate exceed Cdn.$5,000,000 (or the Equivalent Amount thereof in United States Dollars or the equivalent thereof in any other currency);

(r) landlords' liens or any other rights of distress reserved in or exercisable under any lease of real property for rent and for compliance with the terms of such lease; provided that such lien does not attach generally to all or substantially all of the undertaking, assets and property of the Borrower or any Subsidiary;

(s) deposits to secure performance of (i) bids, tenders, contracts (other than contracts for the payment of money) or (ii) leases of real property entered into in the ordinary course of business, in each case, to which the Borrower or a Subsidiary is a party;

(t) Security Interests resulting from the deposit of cash or Approved Securities or Security Interests on other assets as security when the Borrower or a Subsidiary is required to provide such deposits or security so by a Governmental Authority or by normal business practice in connection with contracts, licenses or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same, or to secure workers' compensation, surety or appeal bonds or to secure costs of litigation when required by Applicable Law;

(u) Security Interests securing the Additional Permitted Debt provided, for certainty, such Security Interests are, at all times, subject to the intercreditor agreement referenced in the definition of "Additional Permitted Debt" and rank junior in priority to the Security; and

(v) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Security Interest referred to in the preceding subparagraphs (a) to (u) inclusive of this definition, so long as any such extension, renewal or replacement of such Security Interest is limited to all or any part of the same property that secured the Security Interest extended, renewed or replaced (plus improvements on such property) and the indebtedness or obligation secured thereby is not increased,

provided that nothing in this definition shall in and of itself cause the Obligations hereunder to be subordinated in priority of payment to any such Permitted Encumbrance or cause any Security Interests in favour of the Lenders or the Agent on behalf of the Lenders to rank subordinate to any such Permitted Encumbrance.

"**Permitted Factoring Transactions**" means transactions pursuant to which the Borrower or any Subsidiary of the Borrower sells Accounts Receivable owing to the Borrower or any Subsidiary of the Borrower from Account Debtors to Citibank, N.A., its branches and subsidiaries and affiliates or another purchaser acceptable to the Agent and the Majority of the Lenders, acting reasonably; provided that (a) not less than 3 Banking Days prior to the initial sale of any Accounts Receivable owing by an Account Debtor, the Borrower shall have delivered to the Agent an Officer's Certificate attaching a true, correct and complete copy of the applicable supplier agreement (or other document, agreement or instrument evidencing such sale transaction) in respect of such Account Debtor which shall be in form and substance acceptable to the Agent and the Majority of the Lenders, acting reasonably, including, for certainty, but without limitation, with respect to the discount and pricing applicable to the sale of the subject Accounts Receivable, (b) in connection with any sale of Accounts Receivable owing by an Account Debtor in excess of Cdn.$5,000,000 (or the Equivalent Amount thereof) in aggregate with all other Accounts Receivable subject to Permitted Factoring Transactions at such time, either (i) the Borrower shall deliver a revised Borrowing Base Certificate within 5 Banking Days of such sale (with the only adjustments from the previously effective Borrowing Base Certificate being adjustments to take into account the disposition of Eligible Accounts Receivable and, if applicable, the receipt of Unencumbered Cash from the proceeds of such sale) and the new Borrowing Base shall take effect immediately subject to the provisions of Section 2.26(2) or (ii) the Accounts Receivable sold shall be immediately excluded from the Borrowing Base without any further notice or documentation, (c) the maximum aggregate amount of Accounts Receivable sold in any rolling sixty (60) day period (in respect of all

Account Debtors) does not exceed U.S.$50,000,000, (d) at the time of entering into any such transaction and any sale of Accounts Receivable, no Default or Event of Default shall have occurred and be continuing and shall not result in the occurrence of a Default or an Event of Default and (e) the entering into of such transaction and sale of Accounts Receivable is not for the purpose of avoiding the occurrence of any Default or Event of Default.

"**Permitted Hedging**" means Financial Instruments entered into by the Borrower and its Subsidiaries:

(a) which are entered into in the ordinary course of business and for hedging purposes and not for speculative purposes (determined, where relevant, by reference to generally accepted accounting principles); for certainty, Interest Hedging Agreements having as a subject matter principal amounts (either individually or in the aggregate, but determined on a net basis taking into account transactions or agreements entered into to reverse the position or limit the exposure under an existing Interest Hedging Agreement) greater than the aggregate liability of the Borrower and its Subsidiaries for borrowed money shall be deemed to be for speculative purposes; and

(b) which have a term of 4 years or less (for certainty, for all purposes relating hereto and to the other Documents, (i) the term of any Financial Instrument shall commence on the date that the Financial Instrument in question is entered into notwithstanding the fact that the effective date of such Financial Instrument, or other date from which payments or deliveries are to be made or determined thereunder, is subsequent to the date such Financial Instrument is entered into and (ii) without limiting the foregoing, and in addition thereto, the term of a swap transaction or other transaction entered into pursuant to or governed by a Master Agreement published by the International Swaps and Derivatives Association, Inc. (including by International Swap Dealers Association, Inc.) or any successor thereto shall commence on the trade date thereof), except for Financial Instruments which have a term of 8 years or less and which are entered into with the intention of hedging underlying currency or interest exposure under or pursuant to the 2018 Senior Unsecured Notes.

"**Permitted Note Refinancing**" means the issuance of Additional Permitted Debt as a refinancing of part or all of the Total Debt outstanding under the 2018 Senior Unsecured Note Documentation including the repayment and cancellation of any such outstanding Total Debt.

"**Permitted Replacement**" means the replacement of those directors who have died or have been found to be of unsound mind by a court of competent jurisdiction.

"**Power of Attorney**" means a power of attorney provided by the Borrower to a Lender with respect to Bankers' Acceptances in accordance with and pursuant to Section 6.4 hereof.

"**Purchase Money Obligation**" means any monetary obligation created or assumed as part of the purchase price of real or tangible personal property which has been acquired by the Borrower or a Subsidiary (including a lease of such property) which is subject to a Security Interest in respect of

such obligation, any extensions, renewals or refundings of any such obligation, provided that the principal amount of such obligation outstanding on the date of such extension, renewal or refunding is not increased and further provided that any security given in respect of such obligation shall not extend to any property other than the property acquired in connection with which such obligation was created or assumed and fixed improvements, if any, erected or constructed thereon and the proceeds thereof.

"**Qualified ECP Guarantor**" means, in respect of any Swap Obligation, each Subsidiary or Affiliate of the Borrower (that provides a Guarantee to the Agent, the Lenders, the Bank Product Affiliates and the Hedging Affiliates) and that has total assets exceeding U.S.$10,000,000 at the time the relevant Guarantee or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other person as constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"**Quarter End**" means March 31, June 30, September 30 and December 31 in each year.

"**Rateable**" and "**Rateably**" means, at any date of determination, the proportion that the Equivalent Amount in Canadian Dollars of the amount of the Obligations, the Bank Product Obligations and the Financial Instrument Obligations under Lender Financial Instruments of any Lender, Bank Product Affiliate thereof and Hedging Affiliates thereof bears to the aggregate of the Equivalent Amount in Canadian Dollars of the Obligations, the Bank Product Obligations and the Financial Instrument Obligations under Lender Financial Instruments of all Lenders, the Bank Product Affiliates and the Hedging Affiliates, as determined at the Adjustment Time.

"**Rateable Portion**", as regards any Lender, with regard to any amount of money, means (subject to Section 6.5 in respect of the rounding of allocations of Bankers' Acceptances):

(a) in respect of the Syndicated Facility and Drawdowns, Conversions, Rollovers and Loans and other amounts payable thereunder, the product obtained by multiplying that amount by the quotient obtained by dividing (i) that Lender's Syndicated Facility Commitment by (ii) the aggregate of all of the Lenders' Syndicated Facility Commitments; and

(b) in respect of the Operating Facility and Drawdowns, Conversions, Rollovers and Loans and other amounts payable thereunder, the product obtained by multiplying that amount by the quotient obtained by dividing (i) that Lender's Operating Facility Commitment by (ii) the aggregate of all of the Lenders' Operating Facility Commitments.

"**Realization Proceeds**" has the meaning set out in Section 12.7.

"**Related Party**" means any person which is any one or more of the following:

(a) an Affiliate of the Borrower or any Subsidiary;

(b) a unitholder, shareholder or partner of the Borrower or any Subsidiary which, together with all Affiliates of such person, owns or controls, directly or indirectly, more than 10% of the units, shares, capital or other ownership interests (however designated) of the Borrower or any Subsidiary, or an Affiliate of any such unitholder, shareholder or partner;

(c) an officer, director or trustee of any of the foregoing; and

(d) a person which is not at arm's length from the Borrower and its Subsidiaries.

"**Release**" means any release, spill, emission, leak, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the environment including, without limitation, the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or sub surface strata.

"**Repayment Notice**" means a notice substantially in the form annexed hereto as Schedule F to be given to the Agent or the Operating Lender, as applicable, by the Borrower pursuant hereto.

"**Requested Lenders**" has the meaning set out in Section 2.20.

"**Required Permits**" means all Governmental Authorizations which are necessary at any given time for the Borrower and each of its Material Subsidiaries to own and operate its property, assets, rights and interests or to carry on its business and affairs.

"**Rollover**" means:

(a) with respect to any Libor Loan, the continuation of all or a portion of such Loan (subject to the provisions hereof) for an additional Interest Period subsequent to the initial or any subsequent Interest Period applicable thereto;

(b) with respect to Bankers' Acceptances, the issuance of new Bankers' Acceptances or the making of new BA Equivalent Advances (subject to the provisions hereof) in respect of all or any portion of Bankers' Acceptances (or BA Equivalent Advances made in lieu thereof) maturing at the end of the Interest Period applicable thereto, all in accordance with Article 6 hereof; and

(c) with respect to Letters of Credit, the extension or replacement of an existing Letter of Credit, provided the beneficiary thereof (including any successors or permitted assigns thereof) remains the same, the maximum amount available to be drawn thereunder is not increased, the currency in which the same is denominated remains the same and the terms upon which the same may be drawn remain the same;

in each case, under the same Credit Facility under which the maturing Loan was made.

"**Rollover Date**" means the date of commencement of a new Interest Period applicable to a Loan and which shall be a Banking Day.

"**Rollover Notice**" means a notice substantially in the form annexed hereto as Schedule G to be given to the Agent or the Operating Lender, as applicable, by the Borrower pursuant hereto.

"**Sanctioned Country**" means, at any time, a country or territory that is itself the subject of Sanctions Laws including, without limitation, subject to comprehensive, territorial sanctions administered by OFAC, the United Nations Security Council, the European Union or Canada.

"**Sanctioned Person**" means any of the following currently or in the future: (i) an entity or individual named on the list of Specially Designated Nationals or Blocked Persons maintained by OFAC currently available at http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx or in any Sanctions-related list of designated persons maintained by OFAC or the U.S. Department of State or on the "Designated Persons" lists maintained by Canada under the *Special Economic Measures Act*, the *United Nations Act*, the *Criminal Code* (Canada), *the Freezing of Assets of Corrupt Foreign Officials Act*, the *Proceeds of Crime Act*, *the Terrorism Financing Act* and the regulations promulgated thereunder or (ii) anyone more than 50 percent (50%) owned, in the aggregate, by an entity or entities or individuals, described in clause (i) above.

"**Sanctions Laws**" means any sanction laws and regulations issued by the United States of America, Canada, the European Union or the United Nations and includes, without limitation, the laws, regulations, and rules promulgated or administered by OFAC to implement U.S. sanctions programs, including any enabling legislation or Executive Order related thereto, as amended from time to time.

"**S&P**" means Standard & Poor's Financial Services LLC, a subsidiary of S&P Global Inc. and any successors thereto.

"**Schedule I Lender**" means a Lender which is a Canadian chartered bank listed on Schedule I to the *Bank Act* (Canada).

"**Schedule II Lender**" means a Lender which is a Canadian chartered bank listed on Schedule II to the *Bank Act* (Canada).

"**Schedule III Lender**" means a Lender which is an authorized foreign bank listed on Schedule III to the *Bank Act* (Canada).

"**Security**" means, collectively, the guarantees, debentures, debenture pledge agreements, pledge agreements, assignments and other security agreements executed and delivered, or required to be executed and delivered, by the Borrower and certain Subsidiaries including any Subsidiary of the Borrower which owns or holds, directly or indirectly (whether through the ownership of or investments in other Subsidiaries of the Borrower or otherwise), any ownership interest in any assets or properties which are included for the purposes of the determination of the Borrowing Base, and certain other Subsidiaries required to provide Security pursuant to Section 11.1(2) of this Agreement and shall include, in respect of the Borrower, the floating charge demand debenture, the debenture pledge agreement and the general security agreement substantially in the forms of Schedules H-1, H-2 and H-3, respectively, annexed hereto with such modifications and insertions as may be required by the Agent, acting reasonably, and, in respect of each Subsidiary domiciled in Canada that is to provide Security, a guarantee, a floating charge demand debenture, a debenture pledge agreement and a general security agreement substantially in the forms of Schedules H-4,

H-5, H-6 and H-7, respectively, annexed hereto with such modifications and insertions as may be required by the Agent, acting reasonably, and, in respect of each United States of America domiciled Subsidiary which is to provide Security, a guarantee and a general security agreement in substantially the form of the Guarantee and General Security Agreement both dated September 29, 2009 executed by Calfrac U.S., with such modifications as may be required by the Agent, acting reasonably.

"**Security Interest**" means mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retentions, security created under the *Bank Act* (Canada), liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation and, including, in any event:

(a) deposits or transfers of cash, marketable securities or other financial assets under any agreement or arrangement whereby such cash, securities or assets may be withdrawn, returned or transferred only upon fulfilment of any condition as to the discharge of any other indebtedness or other obligation to any creditor;

(b) (i) rights of set-off or (ii) any other right of or arrangement of any kind with any creditor, which in any case are made, created or entered into, as the case may be, for the purpose of or having the effect (directly or indirectly) of (A) securing Total Debt, (B) preferring some holders of Total Debt over other holders of Total Debt or (C) having the claims of any creditor be satisfied prior to the claims of other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or later acquired (other than, with respect to (C) only, rights of set-off granted or arising in the ordinary course of business);

(c) the rights of lessors under finance leases, operating leases as determined under generally accepted accounting principles as in effect on December 31, 2018 and any other lease financing; and

(d) absolute assignments of accounts receivable.

"**Subsidiary**" means, with respect to any person ("X"):

(a) any corporation of which at least a majority of the outstanding shares having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then only for as long as it continues) is at the time directly, indirectly or beneficially owned or controlled by X or one or more of its Subsidiaries, or X and one or more of its Subsidiaries;

(b) any partnership of which, at the time, X, or one or more of its Subsidiaries, or X and one or more of its Subsidiaries: (i) directly, indirectly or beneficially own or control more than 50% of the income, capital, beneficial or ownership interests (however designated) thereof; and (ii) is a general partner, in the case of limited

partnerships, or is a partner or has authority to bind the partnership, in all other cases; or

(c) any other person of which at least a majority of the income, capital, beneficial or ownership interests (however designated) are at the time directly, indirectly or beneficially owned or controlled by X, or one or more of its Subsidiaries, or X and one or more of its Subsidiaries,

provided that, unless otherwise expressly provided or the context otherwise requires, references herein to "Subsidiary" or "Subsidiaries" shall be and shall be deemed to be references to Subsidiaries of the Borrower.

"**Successor Agent**" has the meaning set out in Section 15.10.

"**Swap Obligation**" means, with respect to any person that has provided a Guarantee to the Agent, the Lenders, the Bank Product Affiliates and the Hedging Affiliates, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

"**Syndicated Facility**" means the credit facility in the maximum principal amount of Cdn.$335,000,000 or the Equivalent Amount in United States Dollars to be made available to the Borrower by the Syndicated Facility Lenders in accordance with the provisions hereof, subject to any increase in accordance with Section 2.23 hereof or any reduction in accordance with the provisions hereof.

"**Syndicated Facility Commitment**" means the commitment by each Syndicated Facility Lender under the Syndicated Facility to provide the amount of Canadian Dollars (or the Equivalent Amount thereof) set forth opposite its name in Schedule A annexed hereto, subject to any reduction in accordance with the provisions hereof.

"**Syndicated Facility Extension Request**" has the meaning set out in Section 2.20.

"**Syndicated Facility Lenders**" means, collectively, the Lenders which have a Syndicated Facility Commitment.

"**Syndicated Facility Maturity Date**" means, in respect of the Obligations outstanding to a given Syndicated Facility Lender, June 1, 2022 or such later date to which the same may be extended from time to time with respect to a given Syndicated Facility Lender in accordance with Section 2.20.

"**Takeover**" has the meaning set out in Section 2.22.

"**Target**" has the meaning set out in Section 2.22.

"**Taxes**" means all taxes, levies, imposts, stamp taxes, duties, fees, deductions, withholdings, charges, compulsory loans or restrictions or conditions resulting in a charge which are imposed, levied, collected, withheld or assessed by any country or political subdivision or taxing authority thereof now or at any time in the future, together with interest thereon and penalties, charges or

other amounts with respect thereto, if any, and "Tax" and "Taxation" shall be construed accordingly.

"**Termination Event**" means an automatic early termination of obligations relating to a Lender Financial Instrument under any agreement relating thereto without any notice being required from a Lender.

"**Titled Assets**" means any vehicles or other assets of the Borrower and its Subsidiaries to which any Certificates of Title legislation of the United States of America or any state or district thereof applies.

"**Total Debt**" means, with respect to any person ("X"), all obligations, liabilities and indebtedness of X and its Subsidiaries which would, in accordance with generally accepted accounting principles, be classified upon a consolidated balance sheet of X as indebtedness for borrowed money of X and its Subsidiaries and, whether or not so classified, shall include (without duplication):

(a) indebtedness of X and its Subsidiaries for borrowed money;

(b) obligations of X and its Subsidiaries arising pursuant or in relation to: (i) bankers' acceptances (including payment and reimbursement obligations in respect thereof), or (ii) letters of credit and letters of guarantee supporting obligations which would otherwise constitute Total Debt within the meaning of this definition or indemnities issued in connection therewith;

(c) obligations of X and its Subsidiaries with respect to drawings under all other letters of credit and letters of guarantee;

(d) obligations of X and its Subsidiaries under Guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the indebtedness or other obligations of any other person which would otherwise constitute Total Debt within the meaning of this definition and all other obligations incurred for the purpose of or having the effect of providing financial assistance to another person in respect of such indebtedness or such other Total Debt obligations, including, without limitation, endorsements of bills of exchange (other than for collection or deposit in the ordinary course of business);

(e) (i) all indebtedness of X and its Subsidiaries representing the deferred purchase price of any property to the extent that such indebtedness is or remains unpaid after the expiry of the customary time period for payment, provided however that such time period shall in no event exceed 90 days, and (ii) all obligations of X and its Subsidiaries created or arising under any conditional sales agreement or other title retention agreement;

(f) all Attributable Debt of X and its Subsidiaries other than in respect of (i) leases of office space or (ii) operating leases as determined under generally accepted accounting principles as in effect on December 31, 2018, in each case entered into in the ordinary course of business;

(g) all other long term obligations (including the current portion thereof) upon which interest charges are customarily paid prior to default by X; and

(h) all indebtedness of other persons secured by a Security Interest on any asset of X and its Subsidiaries, whether or not such indebtedness is assumed thereby; provided that the amount of such indebtedness shall be the lesser of (i) the fair market value of such asset at such date of determination, and (ii) the amount of such indebtedness shall only be Total Debt to the extent recorded as a liability in accordance with generally accepted accounting principles,

provided that, unless otherwise expressly provided or the context otherwise requires, references herein to "Total Debt" shall be and shall be deemed to be references to Total Debt of the Borrower and its Subsidiaries.

For certainty, with respect to the bilateral credit facility established by HSBC Bank Argentina S.A. in favour of Calfrac Well Services (Argentina) S.A., only outstanding balances and other obligations (including, for certainty, outstanding principal, interest and fees due) shall be included in the determination of Total Debt and the standby letter of credit issued in connection with such credit facility shall not be included in such determination.

"**Total Debt to EBITDA Ratio**" means, as at a Quarter End, the ratio of (a) Total Debt less Unencumbered Cash, as at such Quarter End to (b) EBITDA for the twelve months ending on such Quarter End.

"**Unencumbered Cash**" means all unencumbered cash of the Borrower and its Subsidiaries which have provided Security (determined in accordance with generally accepted accounting principles and which, for certainty, shall deduct therefrom all issued and outstanding cheques which have not cleared) and which (a) is on deposit or invested with the Agent, a Lender or a deposit holding Affiliate of a Lender in Canada or the United States of America, (b) for certainty, is not held in trust for the benefit of another person or in a segregated account or similar type account (including, for certainty, any Common Share Proceeds held in an account pursuant to Section 10.3(3) of this Agreement), (c) is subject to the Security, (d) to the extent held with a Lender or an Affiliate of a Lender outside of Canada, the Borrower or the applicable Subsidiary and such Lender shall have executed and delivered a deposit account control agreement in form satisfactory to the Agent, acting reasonably and (e) shall not include any cash subject to a Security Interest other than (i) pursuant to the Security or (ii) in favour of the holders of the Additional Permitted Debt provided such Additional Permitted Debt is permitted pursuant to the terms of the applicable definition thereof.

"**U.S. Base Rate**" means, for any day, the greatest of:

(a) the rate of interest per annum established from time to time by the Agent or the Operating Lender, as applicable, as the reference rate of interest for the determination of interest rates that the Agent or the Operating Lender, as applicable, will charge to customers of varying degrees of creditworthiness in Canada for United States Dollar demand loans in Canada;

(b) the rate of interest per annum for such day or, if such day is not a Banking Day, on the immediately preceding Banking Day, equal to the sum of the Federal Funds Rate (expressed for such purpose as a yearly rate per annum in accordance with Section 5.4), plus 1.00% per annum; and

(c) the Libor Rate for a period of 1 month on such day (or in respect of any day that is not a Banking Day, such Libor Rate in effect on the immediately preceding Banking Day) plus 1.00% per annum,

provided that if all such rates are equal or if such Federal Funds Rate and such Libor Rate are unavailable for any reason on the date of determination, then the "U.S. Base Rate" shall be the rate specified in (a) above.

"**U.S. Base Rate Loan**" means an Advance in, or Conversion into, United States Dollars made by the Lenders to the Borrower with respect to which the Borrower has specified or a provision hereof requires that interest is to be calculated by reference to the U.S. Base Rate.

"**U.S. Code**" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

"**United States Dollars**" and "**U.S.$**" means the lawful money of the United States of America.

"**Voting Shares**" means capital stock of any class of any corporation which carries voting rights to elect the board of directors thereof under any circumstances, provided that, for purposes hereof, shares which carry the right to so vote conditionally upon the happening of an event shall not be considered Voting Shares until the occurrence of such event.

"**Wholly-Owned Subsidiary**" means, with respect to any person ("X"):

(a) a corporation, all of the issued and outstanding shares in the capital of which are beneficially held by:

(i) X;

(ii) X and one or more corporations, all of the issued and outstanding shares in the capital of which are held by X; or

(iii) two or more corporations, all of the issued and outstanding shares in the capital of which are held by X;

(b) a corporation which is a Wholly-Owned Subsidiary of a corporation that is a Wholly-Owned Subsidiary of X; or

(c) a partnership, all of the partners of which are X and/or Wholly-Owned Subsidiaries of X,

provided that unless otherwise expressly provided or the context otherwise requires, references herein to "Wholly-Owned Subsidiary" or "Wholly-Owned Subsidiaries" shall be and shall be deemed to be references to Wholly-Owned Subsidiaries of the Borrower.

"**Write-Down and Conversion Powers**" means with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.2 Headings; Articles and Sections

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Number; persons; including

Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa, words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa and words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

1.4 Accounting Principles

(1) Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be to the recommendations at the relevant time of the Canadian Institute of Chartered Accountants, or any successor institute (including, for certainty, IFRS) applicable on a consolidated basis (unless otherwise specifically provided or contemplated herein to be applicable on an non-consolidated basis) as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles. Where the character or amount of any asset or liability or item of revenue or expense or amount of equity is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any other Document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with generally accepted accounting principles applied on a consistent basis (subject to paragraphs (2) to (5) of this Section 1.4).

(2) If:

(a) there occurs a material change in generally accepted accounting principles; or

(b) the Borrower or any of the Material Subsidiaries adopts a material change in an accounting policy in order to more appropriately present events or transactions in its financial statements,

and the above change would require disclosure under generally accepted accounting principles in the consolidated financial statements of the Borrower and would cause an amount required to be determined for the purposes of the financial covenants in Section 10.3 or any financial term or threshold used in the Credit Agreement (each a "**Financial Covenant/Term**") to be materially different than the amount that would be determined without giving effect to such change, the Borrower shall notify the Agent of such change (an "**Accounting Change**"). Such notice (an "**Accounting Change Notice**") shall describe the nature of the Accounting Change, its effect on the current and immediately prior year's financial statements in accordance with generally accepted accounting principles and state whether the Borrower desires to revise the method of calculating one or more of the Financial Covenants/Terms (including the revision of any of the defined terms used in the determination of such Financial Covenant/Term) in order that amounts determined after giving effect to such Accounting Change and the revised method of calculating such Financial Covenant/Term will approximate the amount that would be determined without giving effect to such Accounting Change and without giving effect to the revised method of calculating such Financial Covenant/Term. The Accounting Change Notice shall be delivered to the Agent within sixty (60) days after the end of the fiscal quarter in which the Accounting Change is implemented or, if such Accounting Change is implemented in the fourth fiscal quarter or in respect of an entire fiscal year, within 120 days after the end of such period.

(3) If, pursuant to the Accounting Change Notice, the Borrower does not indicate that it desires to revise the method of calculating one or more of the Financial Covenants/Terms, a Majority of the Lenders may within thirty (30) days after receipt of the Accounting Change Notice notify the Borrower that they wish to revise the method of calculating one or more of the Financial Covenants/Terms in the manner described above.

(4) If either the Borrower or a Majority of the Lenders so indicate that they wish to revise the method of calculating one or more of the Financial Covenants/Terms, the Borrower and a Majority of the Lenders shall in good faith attempt to agree on a revised method of calculating such Financial Covenants/Terms so as to reflect equitably such Accounting Change with the desired result that the criteria for evaluating the Borrower's financial condition shall be substantially the same after such Accounting Change as if such Accounting Change had not been made. Until the Borrower and a Majority of the Lenders have reached agreement in writing on such revised method of calculation, all amounts to be determined hereunder shall continue to be determined without giving effect to the Accounting Change. For greater certainty, if no notice of a desire to revise the method of calculating the Financial Covenants/Terms in respect of an Accounting Change is given by either the Borrower or a Majority of the Lenders within the applicable time period described above, then the method of calculating the Financial Covenants/Terms shall not be revised in response to such Accounting Change and all amounts to be determined pursuant to the Financial Covenants/Terms shall be determined after giving effect to such Accounting Change.

(5) If a Compliance Certificate is delivered in respect of a fiscal quarter or fiscal year in which an Accounting Change is implemented without giving effect to any revised method of calculating any of the Financial Covenants/Terms, and subsequently, as provided above, the method of calculating one or more of the Financial Covenants/Terms is revised in response to such

Accounting Change, or the amounts to be determined pursuant to any of the Financial Covenants/Terms are to be determined without giving effect to such Accounting Change, the Borrower shall deliver a revised Compliance Certificate. Any Event of Default which arises as a result of the Accounting Change and which is cured by this Section 1.4 shall be deemed to have never occurred.

(6) In addition to the foregoing, the parties hereto agree and confirm that, for all purposes hereof, including, without limitation, in connection with the calculation of "Interest Expense", "Funded Debt", "Total Debt", "Consolidated Net Tangible Assets" and "EBITDA", the classification and effect of leases (whether entered into before or after December 31, 2018) shall be made with regard to generally accepted accounting principles in effect on December 31, 2018.

1.5 References to Agreements and Enactments

Reference herein to any agreement, instrument, licence or other document shall be deemed to include reference to such agreement, instrument, licence or other document as the same may from time to time be amended, modified, supplemented or restated in accordance with the provisions of this Agreement if and to the extent such provisions are applicable; and reference herein to any enactment shall be deemed to include reference to such enactment as re-enacted, amended or extended from time to time and to any successor enactment.

1.6 Per Annum Calculations

Unless otherwise stated, wherever in this Agreement reference is made to a rate "per annum" or a similar expression is used, such rate shall be calculated on the basis of a year of 365 days.

1.7 Schedules

The following are the Schedules annexed hereto and incorporated by reference and deemed to be part hereof:

Schedule A	-	Lenders and Commitments
Schedule B	-	Assignment Agreement
Schedule C	-	Compliance Certificate
Schedule D	-	Conversion Notice
Schedule E	-	Drawdown Notice
Schedule F	-	Repayment Notice
Schedule G	-	Rollover Notice
Schedules H-1 to H -7	-	Security
Schedule I	-	Material Subsidiaries
Schedule J	-	Borrowing Base Certificate.

1.8 Refunding and Amendment and Restatement of the Existing Credit Agreement

(1) The parties acknowledge and agree that this Agreement and the Credit Facilities established pursuant hereto are a refunding, replacement and refinancing of the amended and restated credit agreement dated as of September 27, 2017, as amended or amended and restated

from time to time, by and among the Borrower, HSBC Bank Canada and the other lenders party thereto and the credit facilities provided thereunder. Accordingly, it is the intention of the parties hereto that, for purposes of the Indenture dated as of May 30, 2018 between Calfrac LP as the Issuer and Wells Fargo Bank, National Association, as Trustee, (which is the note indenture referred to in the definition of the 2018 Senior Unsecured Note Documentation), this Agreement and the Credit Facilities are included in the definitions of "Credit Agreement" and "Credit Facilities", as those terms are defined in such indenture.

(2) On the date on which all of the conditions set forth in Section 3.2 have been satisfied (or waived in writing by the Agent and Lenders in accordance with Section 3.3):

(a) the Existing Credit Agreement shall be and is hereby amended and restated in the form of this Agreement;

(b) all Loans, including, for certainty, Bankers' Acceptances and Letters of Credit (as such terms are defined in the Existing Credit Agreement) and other amounts outstanding under the Existing Credit Agreement prior to the date hereof shall continue to be outstanding under this Agreement and shall be deemed to be Loans and other Obligations owing by the Borrower to the Agent, the Operating Lender and the Lenders, as applicable, under this Agreement; and

(c) the Lenders hereby agree to take all steps and actions and execute and deliver all agreements, instruments and other documents as may be required by the Agent or any of the Lenders (including the assignment of interests in, or the purchase of participations in, such outstanding Loans) to give effect to the foregoing and to ensure that the aggregate Obligations owing to each Lender under the Credit Facilities are outstanding in proportion to each Lender's Rateable Portion of all outstanding Obligations under the Credit Facilities after giving effect to the foregoing.

(3) Notwithstanding the foregoing or any other term hereof, all of the covenants, representations and warranties on the part of the Borrower under the Existing Credit Agreement and all of the claims and causes of action arising against the Borrower in connection therewith, in respect of all matters, events, circumstances and obligations arising or existing prior to the date hereof shall continue, survive and shall not be merged in the execution of this Agreement or any other Documents or any advance or provision of any Loan hereunder.

(4) References herein to the "date hereof" or similar expressions shall be and shall be deemed to be to the date of the execution and delivery hereof, being April 30, 2019.

1.9 Confirmation of Security

The Security to which the Borrower is a party and all covenants, terms and provisions thereof shall be and continue to be in full force and effect and such Security, notwithstanding the amendment and restatement of the Existing Credit Agreement pursuant to this Agreement, shall continue to exist and apply to the obligations, liabilities and indebtedness secured thereunder, including, without limitation, the obligations, liabilities and indebtedness owing by the Borrower under the Existing Credit Agreement, as amended and restated by this Agreement.

ARTICLE 2 - THE CREDIT FACILITIES

2.1 The Credit Facilities

Subject to the terms and conditions hereof, each of the Lenders shall make available to the Borrower such Lender's Rateable Portion of each Credit Facility. Subject to Section 2.18, the Outstanding Principal under a given Credit Facility shall not exceed the maximum principal amount of such Credit Facility.

2.2 Types of Availments; Overdraft Loans

(1) The Borrower may, in Canadian Dollars, make Drawdowns, Conversions and Rollovers under either of the Credit Facilities of Canadian Prime Rate Loans and Bankers' Acceptances and may, in United States Dollars, make Drawdowns, Conversions and Rollovers under either of the Credit Facilities of U.S. Base Rate Loans and Libor Loans. In addition, the Borrower may make Drawdowns and Rollovers under the Credit Facilities of Letters of Credit denominated in Canadian Dollars or United States Dollars; provided that, the Outstanding Principal of Letters of Credit outstanding under the Operating Facility shall not exceed Cdn.$40,000,000 and the Outstanding Principal of Letters of Credit outstanding under the Syndicated Facility shall not exceed U.S.$37,500,000. The Borrower shall have the option, subject to the terms and conditions hereof, to determine which types of Loans shall be drawn down and in which combinations or proportions.

(2) In addition to the foregoing, overdrafts arising from clearance of cheques or drafts drawn on the Canadian Dollar accounts and United States Dollar accounts of the Borrower maintained with the Operating Lender, and designated by the Operating Lender for such purpose, shall be deemed to be outstanding as Canadian Prime Rate Loans and U.S. Base Rate Loans, respectively under the Operating Facility (each, an "**Overdraft Loan**") and all references to Canadian Prime Rate Loans and U.S. Base Rate Loans (as applicable) shall include Overdraft Loans. For certainty, notwithstanding Section 2.7 or 2.15, no Drawdown Notice or Repayment Notice need be delivered by the Borrower in respect of Overdraft Loans.

2.3 Purpose

(1) The Syndicated Facility is being made available for the general corporate purposes of the Borrower and its Subsidiaries including, without limitation, re-financing existing Total Debt, financing capital expenditures and financing potential acquisitions.

(2) The Operating Facility is being made available for the general corporate purposes of the Borrower and its Subsidiaries.

(3) Notwithstanding the foregoing, the proceeds of any Drawdown or Advance under either the Syndicated Facility or the Operating Facility shall not be used to repay or pay, as applicable, any obligations, liabilities and indebtedness under, pursuant or relating to the 2018 Senior Unsecured Notes or the Additional Permitted Debt, except, for certainty, proceeds of any Drawdown or Advance under either the Syndicated Facility or the Operating Facility may be used to make scheduled interest payments due and payable under, pursuant or relating to the 2018 Senior Unsecured Notes or the Additional Permitted Debt.

2.4 Availability and Nature of the Credit Facilities

(1) Subject to the terms and conditions hereof, the Borrower may make Drawdowns under a Credit Facility prior to the Maturity Date applicable thereto.

(2) Prior to the Maturity Date applicable to a Credit Facility such Credit Facility shall be a revolving credit facility: that is, the Borrower may increase or decrease Loans under such Credit Facility by making Drawdowns, repayments and further Drawdowns.

(3) For certainty, in no event shall a Lender be required to fund, participate in, or otherwise provide any portion of a Loan which has a maturity or expiry date, or which has an Interest Period which will expire, after the Maturity Date applicable to such Credit Facility. In no event shall the Borrower request, or be entitled to obtain, a Loan which has a maturity or expiry date, or which has an Interest Period which will expire after the Maturity Date for such Credit Facility.

2.5 Minimum Drawdowns

(1) Each Drawdown under the Syndicated Facility of the following types of Loans shall be in the following amounts indicated:

(a) Bankers' Acceptances in minimum aggregate amounts of Cdn.$1,000,000 at maturity and Drawdowns in excess thereof in integral multiples of Cdn.$100,000;

(b) Libor Loans in minimum principal amounts of U.S.$1,000,000 and Drawdowns in excess thereof in integral multiples of U.S.$100,000;

(c) Canadian Prime Rate Loans in minimum principal amounts of Cdn.$1,000,000 and Drawdowns in excess thereof in integral multiples of Cdn.$100,000;

(d) U.S. Base Rate Loans in minimum principal amounts of U.S.$1,000,000 and Drawdowns in excess thereof in integral multiples of U.S.$100,000.

(2) Each Drawdown under the Operating Facility of the following types of Loans shall be in the following amounts indicated:

(a) Bankers' Acceptances in minimum aggregate amounts of Cdn.$1,000,000 at maturity and Drawdowns in excess thereof in integral multiples of Cdn.$100,000; and

(b) Libor Loans in minimum principal amounts of U.S.$1,000,000 and Drawdowns in excess thereof in integral multiples of U.S.$100,000.

2.6 Libor Loan Availability

Drawdowns of, Conversions into and Rollovers of requested Libor Loans may only be made upon the Agent's or the Operating Lender's, as applicable, prior favourable determination with respect to the matters referred to in Section 13.1.

2.7 Notice Periods for Drawdowns, Conversions and Rollovers

(1) Subject to the provisions hereof, the Borrower may make a Drawdown, Conversion or Rollover under the Syndicated Facility by delivering a Drawdown Notice, Conversion Notice or Rollover Notice, as the case may be (executed in accordance with the definition of Officer's Certificate), with respect to a specified type of Loan to the Agent not later than:

(a) 10:00 a.m. (Calgary time) three Banking Days prior to the proposed Drawdown Date, Conversion Date or Rollover Date, as the case may be, for the Drawdown of, Conversion into or the Rollover of Libor Loans;

(b) 10:00 a.m. (Calgary time) two Banking Days prior to the proposed Drawdown Date, Conversion Date or Rollover Date, as the case may be, for the Drawdown of, Conversion into or Rollover of Bankers' Acceptances;

(c) 10:00 a.m. (Calgary time) one Banking Day prior to the proposed Drawdown Date or Conversion Date, as the case may be, for Drawdowns of or Conversions into Canadian Prime Rate Loans and/or U.S. Base Rate Loans; and

(d) 10:00 a.m. (Calgary time) three Banking Days prior to the proposed Drawdown Date or Rollover Date, as the case may be, for the Drawdown or Rollover of Letters of Credit under the Syndicated Facility.

(2) Subject to the provisions hereof, the Borrower may make a Drawdown, Conversion or Rollover under the Operating Facility by delivering a Drawdown Notice, Conversion Notice or Rollover Notice, as the case may be (executed in accordance with the definition of Officer's Certificate), with respect to a specified type of Loan to the Operating Lender not later than:

(a) 10:00 a.m. (Calgary time) three Banking Days prior to the proposed Drawdown Date, Conversion Date or Rollover Date, as the case may be, for the Drawdown of, Conversion into or the Rollover of Libor Loans;

(b) 10:00 a.m. (Calgary time) one Banking Day prior to the proposed Drawdown Date, Conversion Date or Rollover Date, as the case may be, for the Drawdown of, Conversion into or Rollover of Bankers' Acceptances;

(c) 10:00 a.m. (Calgary time) on the proposed Drawdown Date or Conversion Date, as the case may be, for Drawdowns of or Conversions into Canadian Prime Rate Loans and/or U.S. Base Rate Loans; and

(d) 10:00 a.m. (Calgary time) three Banking Days prior to the proposed Drawdown Date, Conversion Date or Rollover Date, as the case may be, for the Drawdown of, Conversion into or the Rollover of Letters of Credit under the Operating Facility.

2.8 Conversion Option

Subject to the provisions of this Agreement and except for Letters of Credit, the Borrower may convert the whole or any part of any type of Loan under a Credit Facility into any

other type of permitted Loan under the same Credit Facility by giving the Agent or the Operating Lender, as applicable, a Conversion Notice in accordance herewith; provided that:

(a) Conversions of Libor Loans and Bankers' Acceptances may only be made on the last day of the Interest Period applicable thereto;

(b) the Borrower may not convert a portion only or the whole of an outstanding Loan unless both the unconverted portion and converted portion of such Loan are equal to or exceed, in the relevant currency of each such portion, the minimum amounts required for Drawdowns of Loans of the same type as that portion (as set forth in Section 2.5);

(c) in respect of Conversions of a Loan denominated in one currency to a Loan denominated in another currency, the Borrower shall at the time of the Conversion repay the Loan or portion thereof being converted in the currency in which it was denominated; and

(d) a Conversion shall not result in an increase in Outstanding Principal; increases in Outstanding Principal may only be effected by Drawdowns.

2.9 Libor Loan Rollovers; Selection of Libor Interest Periods

At or before 10:00 a.m. (Calgary time) three Banking Days prior to the expiration of each Interest Period of each Libor Loan, the Borrower shall, unless it has delivered a Conversion Notice pursuant to Section 2.8 and/or a Repayment Notice pursuant to Section 2.15 (together with a Rollover Notice if a portion only is to be converted or repaid; provided that a portion of a Libor Loan may be continued only if the portion which is to remain outstanding is equal to or exceeds the minimum amount required hereunder for Drawdowns of Libor Loans) with respect to the aggregate amount of such Loan, deliver a Rollover Notice to the Agent or the Operating Lender, as applicable, selecting the next Interest Period applicable to the Libor Loan, which new Interest Period shall commence on and include the last day of such prior Interest Period. If the Borrower fails to deliver a Rollover Notice to the Agent or Operating Lender, as applicable, as provided in this Section, the Borrower shall be deemed to have given a Conversion Notice to the Agent or Operating Lender, as applicable, electing to convert the entire amount of the maturing Libor Loan into a U.S. Base Rate Loan.

2.10 Rollovers and Conversions not Repayments

Any amount converted shall be a Loan of the type converted to upon such Conversion taking place, and any amount rolled over shall continue to be the same type of Loan under the same Credit Facility as before the Rollover, but such Conversion or Rollover (to the extent of the amount converted or rolled over) shall not of itself constitute a repayment or a fresh utilization of any part of the amount available under the relevant Credit Facility.

2.11 Agent's Obligations with Respect to Canadian Prime Rate Loans, U.S. Base Rate Loans and Libor Loans

Upon receipt of a Drawdown Notice, Rollover Notice or Conversion Notice with respect to a Canadian Prime Rate Loan, U.S. Base Rate Loan or Libor Loan under the Syndicated Facility, the Agent shall forthwith notify the relevant Lenders of the requested type of Loan, the proposed Drawdown Date, Rollover Date or Conversion Date, each Lender's Rateable Portion of such Loan and, if applicable, the account of the Agent to which each Lender's Rateable Portion is to be credited.

2.12 Lenders' and Agent's Obligations with Respect to Canadian Prime Rate Loans, U.S. Base Rate Loans and Libor Loans

(1) Each Lender shall, for same day value on the Drawdown Date specified by the Borrower in a Drawdown Notice with respect to a Canadian Prime Rate Loan, a U.S. Base Rate Loan or a Libor Loan under the Syndicated Facility, credit the Agent's account specified in the Agent's notice given under Section 2.11 with such Lender's Rateable Portion of each such requested Loan and for same day value on the same date the Agent shall pay to the Borrower the full amount of the amounts so credited in accordance with any payment instructions set forth in the applicable Drawdown Notice.

(2) On the Drawdown Date specified by the Borrower in a Drawdown Notice with respect to a Canadian Prime Rate Loan, U.S. Base Rate Loan or Libor Loan under the Operating Facility, for same day value the Operating Lender shall pay to the Borrower the full amount of the requested Drawdown in accordance with any payment instructions set forth in the applicable Drawdown Notice.

2.13 Irrevocability

A Drawdown Notice, Rollover Notice, Conversion Notice or Repayment Notice given by the Borrower hereunder shall be irrevocable and, subject to any options the Lenders may have hereunder in regard thereto and the Borrower's rights hereunder in regard thereto, shall oblige the Borrower to take the action contemplated on the date specified therein.

2.14 Optional Cancellation or Reduction of Credit Facilities

The Borrower may, at any time, upon giving at least 5 Banking Days prior written notice to the Agent or the Operating Lender, as applicable, cancel in full or, from time to time, permanently reduce in part the unutilized portion of a Credit Facility; provided, however, that any such reduction shall be in a minimum amount of Cdn.$5,000,000 and reductions in excess thereof shall be in integral multiples of Cdn.$1,000,000. If a Credit Facility is so reduced, the Commitments of each of the Lenders under such Credit Facility shall be reduced *pro rata* in the same proportion that the amount of the reduction in the Credit Facility bears to the amount of such Credit Facility in effect immediately prior to such reduction.

2.15 Optional Repayment of Credit Facilities

The Borrower may at any time and from time to time repay, without penalty, to the Agent for the account of the Lenders or, in connection with the Operating Facility, the Operating Lender or, in the case of Letters of Credit return the same to the Operating Lender or the Fronting Lender, as applicable, for cancellation or provide for the funding of, the whole or any part of any Loan owing by it together with accrued interest thereon to the date of such repayment provided that:

(a) the Borrower shall give a Repayment Notice (executed in accordance with the definition of Officer's Certificate) to the Agent or the Operating Lender, as applicable, not later than:

(i) 10:00 a.m. (Calgary time) three Banking Days prior to the date of the proposed repayment, for Libor Loans;

(ii) 10:00 a.m. (Calgary time) two Banking Days prior to the date of the proposed repayment, for Letters of Credit and Banker's Acceptances;

(iii) 10:00 a.m. (Calgary time) one Banking Day prior to the date of the proposed repayment, for Canadian Prime Rate Loans and U.S. Base Rate Loans under the Syndicated Facility; and

(iv) 10:00 a.m. (Calgary time) on the date of the proposed repayment, for Canadian Prime Rate Loans and U.S. Base Rate Loans under the Operating Facility;

(b) repayments pursuant to this Section may only be made on a Banking Day;

(c) subject to the following provisions and Section 2.17, each such repayment may only be made on the last day of the applicable Interest Period with regard to a Libor Loan that is being repaid;

(d) a Bankers' Acceptance may only be repaid on its maturity unless collateralized in accordance with Section 2.17(3);

(e) unexpired Letters of Credit may only be prepaid by the return thereof to the Operating Lender or the Fronting Lender, as applicable, for cancellation or providing funding therefor in accordance with Section 2.17;

(f) except in the case of Letters of Credit and Canadian Prime Rate Loans and U.S. Base Rate Loans under the Operating Facility, each such repayment shall be in a minimum amount of the lesser of: (i) the minimum amount required pursuant to Section 2.5 for Drawdowns of the type of Loan proposed to be repaid and (ii) the Outstanding Principal of all Loans outstanding under the Credit Facilities immediately prior to such repayment; any repayment in excess of such amount shall be in integral multiples of the amounts required pursuant to Section 2.5 for multiples in excess of the minimum amounts for Drawdowns; and

(g) except in the case of Letters of Credit and Canadian Prime Rate Loans and U.S. Base Rate Loans under the Operating Facility, the Borrower may not repay a portion only of an outstanding Loan unless the unpaid portion is equal to or exceeds, in the relevant currency, the minimum amount required pursuant to Section 2.5 for Drawdowns of the type of Loan proposed to be repaid.

2.16 Mandatory Repayment and Reduction of Credit Facilities

(1) Subject to Section 12.2 and Article 7, the Borrower shall repay or pay, as the case may be, to the Agent, on behalf of the Lenders, or, in connection with the Operating Facility, to the Operating Lender, all Loans and other Obligations outstanding under each Credit Facility on or before the Maturity Date applicable to such Credit Facility.

(2) To the extent the Outstanding Principal of the Loans exceeds Cdn.$50,000,000, upon receipt by the Borrower or any of its Subsidiaries of net proceeds from a sale or disposition of any property or assets located outside of Canada or the United States of America by the Borrower or such Subsidiary, funds from such net proceeds shall be utilized to repay Loans outstanding under the Credit Facilities in order to reduce the Outstanding Principal of the Loans to less than Cdn$50,000,000. Any such repayment shall not result in a permanent reduction of the respective Credit Facilities to the extent of such repayment.

(3) Additionally, all proceeds of any insurance claim by the Borrower or any Subsidiary (which are not utilized to repair or replace the damaged property which is the subject of the casualty giving rise to the insurance proceeds) which are not reinvested in property and assets of the Borrower or a Subsidiary within 12 months from the receipt of such proceeds, shall be utilized to repay Loans outstanding under, firstly, the Syndicated Facility and, secondly, the Operating Facility. Any such repayment shall result in a permanent reduction of the respective Credit Facilities to the extent of such repayment.

(4) The Borrower shall comply with the provisions of Sections 2.15 and 2.17 with respect to each repayment required pursuant to Sections 2.16(2) and 2.16(3) and the provisions of Sections 2.15 and 2.17 shall apply thereto, *mutatis mutandis*, including (for certainty) the obligation of the Borrower to make payments pursuant to Section 2.17(1) in respect of the repayment of any Libor Loan on other than the last day of the applicable Interest Period and the obligation of the Borrower to provide cash collateral pursuant to Section 2.17(3) in respect of the repayment of any unmatured Bankers' Acceptances.

(5) If there is a Borrowing Base Shortfall, the Borrower will, in accordance with Section 2.26(4), repay Loans under the Credit Facilities to the extent necessary to reduce the Outstanding Principal of Loans under the Credit Facilities by not less than the amount of the Borrowing Base Shortfall.

2.17 Additional Repayment Terms

(1) If any Libor Loan is repaid or converted on other than the last day of the applicable Interest Period, the Borrower shall, within three Banking Days after notice is given by the Agent or the Operating Lender, as applicable, pay to the Agent for the account of the Lenders or, in connection with the Operating Facility, the Operating Lender, all costs, losses, premiums and

expenses incurred by the Lenders or the Operating Lender, as applicable, by reason of the liquidation or re deployment of deposits or other funds, or for any other reason whatsoever, resulting in each case from the repayment of such Loan or any part thereof on other than the last day of the applicable Interest Period. Any Lender or the Operating Lender, as applicable, upon becoming entitled to be paid such costs, losses, premiums and expenses, shall deliver to the Borrower and the Agent or the Operating Lender, as applicable, a certificate of the Lender certifying as to such amounts and, in the absence of manifest error, such certificate shall be conclusive and binding for all purposes.

(2) With respect to the funding of the repayment of unexpired Letters of Credit, it is agreed that the Borrower shall provide for the funding in full of the repayment of unexpired Letters of Credit by paying to and depositing with the Operating Lender or the Fronting Lender, as applicable, cash collateral for each such unexpired Letter of Credit equal to the maximum amount thereof, in each case, in the respective currency which the relevant Letter of Credit is denominated; such cash collateral deposited by the Borrower shall be held by the Operating Lender or the Fronting Lender, as applicable, in an interest bearing cash collateral account with interest to be credited to the Borrower at rates prevailing at the time of deposit for similar accounts with the Operating Lender or the Fronting Lender, as applicable. Such cash collateral accounts shall be assigned to the Operating Lender or the Fronting Lender, as applicable, as security for the obligations of the Borrower in relation to such Letters of Credit and the Security Interest of the Operating Lender or the Fronting Lender, as applicable, thereby created in such cash collateral shall rank in priority to all other Security Interests and adverse claims against such cash collateral. Such cash collateral shall be applied to satisfy the obligations of the Borrower for such Letters of Credit as payments are made thereunder and the Operating Lender or the Fronting Lender, as applicable, is hereby irrevocably directed by the Borrower to so apply any such cash collateral. Amounts held in such cash collateral accounts may not be withdrawn by the Borrower without the consent of the Lenders; however, interest on such deposited amounts shall be for the account of the Borrower and may be withdrawn by the Borrower so long as no Default or Event of Default is then continuing. If after expiry of the Letters of Credit for which such funds are held and application by the Operating Lender or the Fronting Lender, as applicable, of the amounts in such cash collateral accounts to satisfy the obligations of the Borrower hereunder with respect to the Letters of Credit being repaid, any excess remains, such excess shall be promptly paid by the Operating Lender or the Fronting Lender, as applicable, to the Borrower so long as no Default or Event of Default is then continuing.

(3) In lieu of providing cash collateral as aforesaid, the Borrower may provide to the Operating Lender irrevocable standby letter or letters of credit in an aggregate amount equal to the aggregate maximum amount of all unexpired Letters of Credit being repaid and for a term which expires not sooner than 10 Banking Days after the expiry of the Letters of Credit in respect of which such letter(s) of credit are provided; such letters of credit shall be denominated and payable in the currency of the relevant unexpired Letters of Credit and shall be issued by a financial institution and on terms and conditions acceptable to the Operating Lender, in its sole discretion. The Operating Lender is hereby irrevocably authorized and directed to draw upon such letters of credit and apply the proceeds of the same to satisfy the obligations of the Borrower for such unexpired Letters of Credit as payments are made by the Operating Lender or the Fronting Lender, as applicable, thereunder.

(4) With respect to the repayment of unmatured Bankers' Acceptances it is agreed that the Borrower shall provide for the funding in full of the unmatured Bankers' Acceptances to be repaid by paying to and depositing with the Agent or the Operating Lender, as applicable, cash collateral (the "**Cash Collateral**") for each such unmatured Bankers' Acceptances equal to the face amount payable at maturity thereof; such Cash Collateral deposited by the Borrower shall be invested by the Agent or the Operating Lender, as applicable, in Approved Securities as may be directed in writing by the Borrower from time to time (the "**Collateral Investments**"), provided that the Borrower shall direct said investments so that they mature in amounts sufficient to permit payment of the Obligations for maturing Bankers' Acceptances on the maturity dates thereof, with interest thereon to be credited to the Borrower. In the event that the Agent or the Operating Lender, as applicable, is not provided with instructions from the Borrower to make Collateral Investments as provided herein, the Agent or the Operating Lender, as applicable, shall hold such Cash Collateral in an interest bearing cash collateral account (the "**Cash Collateral Account**") at rates prevailing at the time of deposit for similar accounts with the Agent or the Operating Lender, as applicable. The (a) Cash Collateral, (b) Cash Collateral Accounts, (c) Collateral Investments, (d) any accounts receivable, claims, instruments or securities evidencing or relating to the foregoing, and (e) any proceeds of any of the foregoing (collectively the "**Outstanding BAs Collateral**") shall be assigned to the Agent or the Operating Lender, as applicable, as security for the obligations of the Borrower in relation to such Bankers' Acceptances and the Security Interest of the Agent or the Operating Lender, as applicable, thereby created in such Outstanding BAs Collateral shall rank in priority to all other Security Interests and adverse claims against such Outstanding BAs Collateral. Such Outstanding BAs Collateral shall be applied to satisfy the obligations of the Borrower for such Bankers' Acceptances as they mature and the Agent or the Operating Lender, as applicable, is hereby irrevocably directed by the Borrower to apply any such Outstanding BAs Collateral to such maturing Bankers' Acceptances. The Outstanding BAs Collateral created herein shall not be released to the Borrower without the consent of the applicable Lenders; however, interest on such deposited amounts shall be for the account of the Borrower and may be withdrawn by the Borrower so long as no Default or Event of Default is then continuing. If, after maturity of the Bankers' Acceptances for which such Outstanding BAs Collateral is held and application by the Agent or the Operating Lender, as applicable, of the Outstanding BAs Collateral to satisfy the obligations of the Borrower hereunder with respect to the Bankers' Acceptances being repaid, any interest or other proceeds of the Outstanding BAs Collateral remains, such interest or other proceeds shall be promptly paid and transferred by the Agent or the Operating Lender, as applicable, to the Borrower so long as no Default or Event of Default is then continuing.

2.18 Currency Excess

(1) If the Agent or, in the case of the Operating Facility, the Operating Lender, shall determine that the aggregate Outstanding Principal of the outstanding Loans under a given Credit Facility exceeds the maximum amount of such Credit Facility (the amount of such excess is herein called the "**Currency Excess**"), then, upon written request by the Agent or the Operating Lender, as applicable, (which request shall detail the applicable Currency Excess), the Borrower shall repay an amount of Canadian Prime Rate Loans or U.S. Base Rate Loans under such Credit Facility within (i) if the Currency Excess exceeds Cdn.$5,000,000, 5 Banking Days, and (ii) in all other cases, 20 Banking Days after receipt of such request, such that, except as otherwise contemplated in Section 2.18(2), the Equivalent Amount in Canadian Dollars of such repayments is, in the

aggregate, at least equal to the Currency Excess.

(2) If, in respect of any Currency Excess, the repayments made by the Borrower have not completely removed such Currency Excess (the remainder thereof being herein called the "**Currency Excess Deficiency**"), the Borrower shall within the aforementioned 5 or 20 Banking Days, as the case may be, after receipt of the aforementioned request of the Agent or Operating Lender, as applicable, place an amount equal to the Currency Excess Deficiency on deposit with the Agent or Operating Lender, as applicable, in an interest bearing account with interest at rates prevailing at the time of deposit for the account of the Borrower, to be assigned to the Agent on behalf of the Lenders or to the Operating Lender, as applicable, by instrument satisfactory to the Agent or Operating Lender, as applicable and, if applicable, to be applied to maturing Bankers' Acceptances or Libor Loans (converted if necessary at the exchange rate for determining the Equivalent Amount on the date of such application). The Agent or Operating Lender, as applicable is hereby irrevocably directed by the Borrower to apply any such sums on deposit to maturing Loans as provided in the preceding sentence. In lieu of providing funds for the Currency Excess Deficiency, as provided in the preceding provisions of this Section, the Borrower may within the said period of 5 or 20 Banking Days, as the case may be, provide to the Agent or Operating Lender, as applicable an irrevocable standby letter of credit in an amount equal to the Currency Excess Deficiency and for a term which expires not sooner than 10 Banking Days after the date of maturity or expiry, as the case may be, of the relevant Bankers' Acceptances, Libor Loans or Letters of Credit, as the case may be; such letter of credit for the Currency Excess Deficiency shall be issued by a financial institution, and shall be on terms and conditions, acceptable to the Agent or Operating Lender, as applicable in each of its sole discretion. The Agent or Operating Lender, as applicable, is hereby authorized and directed to draw upon such letter of credit and apply the proceeds of the same to Bankers' Acceptances or Libor Loans as they mature. Upon the Currency Excess Deficiency being eliminated as aforesaid or by virtue of subsequent changes in the exchange rate for determining the Equivalent Amount, then, provided no Default or Event of Default is then continuing, such funds on deposit, together with interest thereon, or such letters of credit shall be returned to the Borrower, in the case of funds on deposit, or shall be cancelled or reduced in amount, in the case of letters of credit.

2.19 Hedging with Lenders and Hedging Affiliates

If a Lender or Hedging Affiliate enters into a Financial Instrument with the Borrower which such Lender or Hedging Affiliate (as the case may be) believes, acting reasonably, in good faith and without any actual notice or knowledge to the contrary, is Permitted Hedging, then each such Lender Financial Instrument and the Lender Financial Instrument Obligations under such Financial Instrument shall be secured by the Security equally and rateably with the Obligations, regardless of whether the Borrower has complied herewith (but, for certainty, without in any manner lessening or relieving the Borrower from its obligation to comply therewith).

2.20 Extension of Syndicated Facility Maturity Date

(1) In this Section:

"**Syndicated Facility Extension Request**" means a written request by the Borrower to the Requested Lenders to extend the Syndicated Facility Maturity Date applicable to such Lenders by

one or more years (or any portion thereof), which request shall include an Officer's Certificate certifying that no Default or Event of Default has occurred and is continuing; and

"**Requested Lenders**" means those Syndicated Facility Lenders which are not then Non-Extending Lenders.

(2) The Borrower may, once in each calendar year, by delivering to the Agent an executed Syndicated Facility Extension Request, request the Requested Lenders to extend the Syndicated Facility Maturity Date applicable to such Lenders by one or more years (or any portion thereof); provided that: (a) such request may not be made more than 90 days or less than 30 days before the anniversary date hereof in each calendar year; and (b) the Syndicated Facility Maturity Date, if extended in accordance herewith and therewith, shall not be later than two (2) years after the effectiveness of such extension.

(3) Upon receipt from the Borrower of an executed Syndicated Facility Extension Request, the Agent shall promptly deliver to each Requested Lender a copy of such request, and each Requested Lender shall, within 30 days after receipt of the Syndicated Facility Extension Request by the Agent, provide to the Agent and the Borrower either (a) written notice that such Requested Lender (each, an "**Extending Lender**") agrees, subject to Section 2.20(4) below, to the requested extension of the current Syndicated Facility Maturity Date applicable to it or (b) written notice (each, a "**Notice of Non-Extension**") that such Requested Lender (each, a "**Non-Extending Lender**") does not agree to such requested extension; provided that, if any Requested Lender shall fail to so notify the Agent and the Borrower, then such Requested Lender shall be deemed to have delivered a Notice of Non-Extension and shall be deemed to be a Non-Extending Lender. The determination of each Syndicated Facility Lender whether or not to extend the Syndicated Facility Maturity Date applicable to it shall be made by each individual Syndicated Facility Lender in its sole discretion.

(4) If the Extending Lenders have Syndicated Facility Commitments which, in aggregate, represent more than 66⅔% of all outstanding Syndicated Facility Commitments, the Syndicated Facility Maturity Date shall be extended in accordance with the Syndicated Facility Extension Request for each of the Extending Lenders. If the Extending Lenders do not have Syndicated Facility Commitments which, in aggregate, represent more than 66⅔% of all outstanding Syndicated Facility Commitments, the Syndicated Facility Maturity Date shall not be extended for any of the Requested Lenders. For certainty, the Syndicated Facility Maturity Date for a Non-Extending Lender shall not be extended, regardless of whether or not the Syndicated Facility Maturity Date is extended for the Extending Lenders as aforesaid.

(5) This Section shall apply from time to time to facilitate successive extensions and requests for extension of the Syndicated Facility Maturity Date. If, as of the current Syndicated Facility Maturity Date (before an agreement of the Extending Lenders to the extension thereof in accordance with the foregoing provisions of this Section 2.20), a Default or Event of Default exists, the Syndicated Facility Maturity Date shall not be extended, notwithstanding any other provision hereof to the contrary, for any Extending Lender unless (a) such Extending Lender has waived such Default or Event of Default in writing and (b) Extending Lenders having Syndicated Facility Commitments which, in aggregate, represent more than 66⅔% of all outstanding Syndicated Facility Commitments have waived such Default or Event of Default in writing.

(6) A Non-Extending Lender may, with the prior written consent of the Borrower, become an Extending Lender with respect to any prior extension of the Syndicated Facility Maturity Date by providing written notice to the Agent revoking the Notice of Non-Extension provided by such Syndicated Facility Lender; such revocation shall be effective from and after receipt by the Agent of such notice from such Syndicated Facility Lender together with a copy of the Borrower's consent in relation thereto.

(7) To the extent the Syndicated Facility Maturity Date has been extended in accordance with this Section 2.20 but there are Non-Extending Lenders, the Borrower may require any Non-Extending Lender to assign its Syndicated Facility Commitment, its Rateable Portion of all Loans and other Obligations outstanding under the Syndicated Facility and all of its rights, benefits and interests under the Documents relating thereto (collectively, the "**Assigned Interests**") to (i) any Extending Lenders which have agreed to increase their Commitments and purchase Assigned Interests, and (ii) to the extent the Assigned Interests are not transferred to Extending Lenders, financial institutions selected by the Borrower and acceptable to the Agent, acting reasonably. Such assignments shall be effective upon: (a) execution of assignment documentation satisfactory to the relevant Non-Extending Lender, the assignee, the Borrower and the Agent (each acting reasonably); (b) payment to the relevant Non-Extending Lender (in immediately available funds) by the relevant assignee of an amount equal to its Rateable Portion of all Obligations being assigned and all accrued but unpaid interest and fees hereunder in respect of those portions of the Loans and Commitments being assigned; (c) payment by the relevant assignee to the Agent (for the Agent's own account) of the recording fee contemplated in Section 16.6, and (d) provision satisfactory to the Non-Extending Lender (acting reasonably) being made for (i) payment at maturity of outstanding Bankers' Acceptances accepted by it and (ii) any costs, losses, premiums or expenses incurred by such Lender by reason of the liquidation or re-deployment of deposits or other funds in respect of Libor Loans outstanding hereunder. Upon such assignment and transfer, the Non-Extending Lender shall have no further right, interest, benefit or obligation in respect of the Assigned Interests and the assignee thereof shall succeed to the position of such Lender as if the same was an original party hereto in the place and stead of such Non-Extending Lender and shall be deemed to be an Extending Lender; for such purpose, to the extent that the assignee is not already a party hereto, the assignee shall execute and deliver an Assignment Agreement and such other documentation as may be reasonably required by the Agent and the Borrower to confirm its agreement to be bound by the provisions hereof and to give effect to the foregoing; and

(8) To the extent that any Non-Extending Lender has not assigned its rights and interests to an Extending Lender or other financial institution as provided Section 2.20(7), the Borrower may, notwithstanding any other provision hereof, repay the Non-Extending Lender's Rateable Portion of all Loans outstanding under the Syndicated Facility, together with all accrued but unpaid interest and fees thereon with respect to its Commitments, without making corresponding repayment to the Extending Lenders and, upon such repayment and provision satisfactory to the relevant Non-Extending Lender being made for (i) payment at maturity of all outstanding Bankers' Acceptances accepted by such Lender and (ii) any costs, losses, premiums or expenses incurred by such Lender by reason of a liquidation or re-deployment of deposits or other funds in respect of Libor Loans outstanding hereunder, the Borrower may cancel such Lender's Commitments. Upon completion of the foregoing, such Non-Extending Lender shall have no further right, interest, benefit or obligation in respect of the Syndicated Facility and the Syndicated

Facility shall be reduced by the amount of such Lender's cancelled Syndicated Facility Commitment.

2.21 Extension of Operating Facility Maturity Date

(1) In this Section "**Operating Facility Extension Request**" means a written request by the Borrower to the Operating Lender to extend the Operating Facility Maturity Date by one or more years (or any portion thereof), which request shall include an Officer's Certificate certifying that no Default or Event of Default has occurred and is continuing.

(2) The Borrower may, once in each calendar year, by delivering to the Operating Lender an executed Operating Facility Extension Request, request the Operating Lender to extend the Operating Facility Maturity Date by one or more years (or any portion thereof); provided that: (a) such request may not be made more than 90 days or less than 30 days before the anniversary date hereof in each calendar year; and (b) the Operating Facility Maturity Date, if extended in accordance herewith and therewith, shall not be later than two (2) years after the effectiveness of such extension.

(3) Upon receipt from the Borrower of an executed Operating Facility Extension Request, the Operating Lender shall, within 30 days after receipt of the Operating Facility Extension Request, provide to the Agent and the Borrower either (a) written notice that the Operating Lender agrees to the requested extension of the current Operating Facility Maturity Date in which case the Operating Facility Maturity Date shall be extended in accordance with the Operating Facility Extension Request or (b) written notice that the Operating Lender does not agree to such requested extension, in which case the Operating Facility Maturity Date shall not be extended; provided that, if the Operating Lender shall fail to so notify the Agent and the Borrower, then the Operating Lender shall be deemed to have denied the request to extend the Operating Facility Maturity Date. The determination of the Operating Lender whether or not to extend the Operating Facility Maturity Date shall be made by the Operating Lender in its sole discretion.

(4) This Section shall apply from time to time to facilitate successive extensions and requests for extension of the Operating Facility Maturity Date. If, as of the current Operating Facility Maturity Date (before an agreement of the Operating Lender to the extension thereof in accordance with the foregoing provisions of this Section 2.21), a Default or Event of Default exists, the Operating Facility Maturity Date shall not be extended, notwithstanding any other provision hereof to the contrary unless the Operating Lender has waived such Default or Event of Default in writing.

2.22 Hostile Acquisitions

(1) In the event the Borrower wishes to utilize proceeds of one or more Loans under either Credit Facility to, or to provide funds to any Subsidiary, Affiliate or other person to, finance an offer to acquire (which shall include an offer to purchase securities, solicitation of an offer to sell securities, an acceptance of an offer to sell securities, whether or not the offer to sell was solicited, or any combination of the foregoing) outstanding securities of any person (the "**Target**") which constitutes a "take-over bid" pursuant to applicable corporate or securities legislation (in any case, a "**Takeover**"), then either:

(a) prior to or concurrently with delivery to the Agent or the Operating Lender, as applicable, of any Drawdown Notice pursuant to Section 2.7 requesting one or more Loans under the Credit Facilities, the proceeds of which are to be used to finance such Takeover, the Borrower shall provide to the Agent or the Operating Lender, as applicable, evidence satisfactory to the Agent or the Operating Lender, as applicable, (acting reasonably) that the board of directors or like body of the Target, or the holders of all of the securities of the Target, has or have approved, accepted, or recommended to security holders acceptance of, the Takeover; or

(b) the following steps shall be followed:

(i) at least five (5) Banking Days prior to the delivery to the Agent or the Operating Lender, as applicable, of any Drawdown Notice pursuant to Section 2.7 requesting one or more Loans intended to be used to finance such Takeover, the Borrower shall advise the Agent or the Operating Lender, as applicable, who shall promptly advise an appropriate officer of each Lender of the particulars of such Takeover;

(ii) with respect to a requested Drawdown under the Syndicated Facility, within three (3) Banking Days of being so advised, each Lender shall notify the Agent of such Lender's determination as to whether it is willing to finance such Takeover; provided that, in the event such Lender does not so notify the Agent within such three (3) Banking Day period, such Lender shall be deemed to have notified the Agent that it is not willing to finance such Takeover, the Agent shall promptly notify the Borrower of each such Lender's determination; and

(iii) with respect to a requested Drawdown under the Operating Facility, the Operating Lender shall make a determination as whether it is willing to finance such Takeover; the Operating Lender shall promptly notify the Borrower of its determination and in the event the Operating Lender does not so notify the Borrower, the Operating Lender shall be deemed to have notified the Borrower that it is not willing to finance such Takeover,

and, with respect to a requested Drawdown under the Syndicated Facility, in the event that any Syndicated Facility Lender has notified or is deemed to have notified the Agent that it is not willing to finance such Takeover (each, a "**Declining Lender**"), then the Declining Lenders shall have no obligation to provide Loans to finance such Takeover, notwithstanding any other provision of this Agreement to the contrary; provided, however, that each other Syndicated Facility Lender (each, a "**Financing Lender**") which has advised the Agent it is willing to finance such Takeover shall have an obligation, up to the amount of its Commitment under the Syndicated Facility, to provide Loans to finance such Takeover, and the Loans to finance such Takeover shall be provided by each Financing Lender in accordance with the ratio, determined prior to the provision of any Loans to finance such Takeover, that the Commitment of such Financing Lender under the Syndicated Facility in question bears to the aggregate the Commitments of all the Financing Lenders under the Syndicated Facility in question.

(2) If Loans under the Syndicated Facility are used to finance a Takeover and there are Declining Lenders, subsequent Loans under the Syndicated Facility shall be funded firstly by Declining Lenders having Commitments under the Syndicated Facility, and subsequent repayments under the Syndicated Facility shall be applied firstly to Financing Lenders, in each case, until such time as the proportion that the amount of each Lender's Outstanding Principal under the Syndicated Facility bears to the total Outstanding Principal under the Syndicated Facility is equal to such proportion which would have been in effect but for the application of this Section 2.22.

(3) With respect to a requested Drawdown under the Operating Facility, in the event that the Operating Lender has notified or is deemed to have notified the Borrower that it is not willing to finance such Takeover, then the Operating Lender shall have no obligation to provide Loans under the Operating Facility to finance such takeover.

2.23 Permitted Increase in Syndicated Facility

The Borrower may, at any time and from time to time, increase the maximum amount of the Syndicated Facility by (i) adding additional financial institutions as Syndicated Facility Lenders, (ii) increasing the Syndicated Facility Commitments of existing Lenders with the consent of such existing Lenders or (iii) any combination thereof. The right to increase the maximum principal amount of the Syndicated Facility as aforesaid shall be subject to the following (for each such increase):

(a) the Borrower shall have delivered to the Agent a Compliance Certificate certifying that the Total Debt to EBITDA Ratio as at the most recent Quarter End did not exceed 5.00:1.00;

(b) no Default or Event of Default shall have occurred and be continuing and the Borrower shall have delivered to the Agent a certificate of an officer of the Borrower confirming the same and confirming (i) its corporate authorization to make such increase, (ii) the truth and accuracy in all material respects of its representations and warranties contained in Section 9.1 hereof as of such date, other than any such representations and warranties which expressly speak as of an earlier date and (iii) that no consents, approvals or authorizations are required for such increase (except as have been unconditionally obtained and are in full force and effect, unamended), each as at the effective date of such increase;

(c) the Borrower shall have delivered to the Agent an opinion of its legal counsel and counsel to the Material Subsidiaries which have provided Security in form and substance as may be required by the Agent, acting reasonably (and such opinion shall, *inter alia*, opine as to the corporate authorization of the Borrower to effect such increase which authorization may be included in the resolution authorizing the execution, delivery and performance of this Agreement);

(d) the aggregate of all increases pursuant to this Section shall not exceed Cdn.$100,000,000 and any such purported increase over such amount shall be null and void;

(e) the Agent and the Fronting Lender shall have consented to increases in the Commitments of a Lender and any additional financial institution becoming a Lender, such consents of the Agent and the Fronting Lender not to be unreasonably withheld; and

(f) the Borrower and the increasing existing Lender or the financial institution being added, as the case may be, shall execute and deliver such documentation as is required by the Agent, acting reasonably, to effect the increase in question (including the partial assignment of Loans or purchase of participations from Lenders to the extent necessary to ensure that, after giving effect to such increase, each Syndicated Facility Lender holds its Rateable Portion of each outstanding Loan under the Syndicated Facility) and, if applicable, to add any such new financial institution as a Lender under the Documents.

2.24 Replacement of Lenders

(1) In addition to and not in limitation of or derogation from Section 2.20(6), the Borrower shall have the right, at its option, to (a) replace (by causing a Lender to assign its rights and interests under the Credit Facilities to additional financial institutions or to existing Lenders which have agreed to increase their Commitments) or (b) provided that no Default or Event of Default has occurred and is continuing, repay the Obligations outstanding and cancel the Commitments of (without corresponding repayment to or cancellation of the Commitments of other Lenders) or (c) do any combination thereof with respect to: (i) those Lenders which have not agreed to a consent under, waiver of or proposed amendment to the provisions of the Documents (each, a "**Dissenting Lender**") requested by the Borrower, (ii) those Lenders which have notified the Borrower that they have a conflict of interest in respect of a Hostile Acquisition pursuant to Section 2.22; (iii) those Lenders which have notified the Borrower and the Agent of an entitlement to receive Additional Compensation under Section 13.3; (iv) those Lenders which, pursuant to Section 13.5, have declared their obligations under this Agreement in respect of any Loan to be terminated; and (v) any Lender who is a Defaulting Lender, for such purposes, the provisions of Section 2.20(6) shall apply thereto, *mutatis mutandis*; provided that, notwithstanding the foregoing:

(a) if applicable, the Borrower shall not be entitled to replace or repay a Dissenting Lender unless, after doing so, the requested consent, waiver or amendment would be approved in accordance with the Documents; and

(b) for certainty, the addition of new financial institutions as Lenders shall require the consent of the Agent and the Fronting Lender, such consents not to be unreasonably withheld.

(2) For the purposes of Section 2.24(1), the Borrower may require any such Lender to assign its Commitments, its Rateable Portion of all Loans and other Obligations outstanding under the relevant Credit Facilities and all of its rights, benefits and interests under the Documents relating thereto (collectively, the "**Lender Assigned Interests**") to (i) any other Lenders which have agreed to increase their applicable Commitments and purchase the Lender Assigned Interests, and (ii) to the extent the Lender Assigned Interests are not transferred to such other Lenders, financial institutions selected by the Borrower and acceptable to the Agent and the Fronting

Lender, each acting reasonably. Such assignments shall be effective upon execution of assignment documentation satisfactory to the relevant Lender, the assignee, the Borrower and the Agent (each acting reasonably), upon payment to the relevant Lender (in immediately available funds) by the relevant assignee of an amount equal to its Rateable Portion of all Obligations being assigned and all accrued but unpaid interest and fees hereunder in respect of those portions of the Loans and Commitments being assigned, upon payment by the relevant assignee to the Agent (for the Agent's own account) of the transfer fee contemplated in Section 16.6, and upon provision satisfactory to the relevant Lender (acting reasonably) being made for (i) payment at maturity of outstanding Bankers' Acceptances accepted by it, (ii) indemnity in respect of its share of outstanding Letters of Credit or, with respect to outstanding Fronted LCs, release by the Fronting Lender of its obligations in respect thereof and (iii) any costs, losses, premiums or expenses incurred by such Lender by reason of the liquidation or re-deployment of deposits or other funds in respect of Libor Loans outstanding hereunder. Upon such assignment and transfer, the relevant Lender shall have no further right, interest, benefit or obligation in respect of the Credit Facilities and the assignee thereof shall succeed to the position of such Lender as if the same was an original party hereto in the place and stead of such Lender and shall be deemed to be a Lender hereunder; for such purpose, to the extent that the assignee is not already a party hereto, the assignee shall execute and deliver an Assignment Agreement and such other documentation as may be reasonably required by the Agent, the Fronting Lender and the Borrower to confirm its agreement to be bound by the provisions hereof and to give effect to the foregoing.

(3) To the extent that any such Lender has not assigned its rights and interests to another Lender or other financial institution as provided in subparagraph (2) above, the Borrower may, notwithstanding any other provision hereof, repay such Lender's Rateable Portion of all Loans outstanding under the relevant Credit Facility, together with all accrued but unpaid interest and fees thereon with respect to its Commitments, without making corresponding repayment to the other Lenders and, upon such repayment and provision satisfactory to the relevant Lender (acting reasonably) being made for (i) payment at maturity of all outstanding Bankers' Acceptances accepted by such Lender, (ii) indemnity in respect of its share of outstanding Letters of Credit or, with respect to outstanding Fronted LCs, release by the Fronting Lender of its obligations in respect thereof and (iii) any costs, losses, premiums or expenses incurred by such Lender by reason of the liquidation or re-deployment of deposits or other funds in respect of Libor Loans outstanding hereunder. Upon completion of the foregoing, such Lender shall have no further right, interest, benefit or obligation in respect of the relevant Credit Facility and the relevant Credit Facility shall be reduced by the amount of such Lender's cancelled Commitment.

2.25 Designation of Material and Non-material Subsidiaries

The Borrower shall from time to time, by notice in writing (which notice may be included in a Compliance Certificate) to the Agent, be entitled to designate effective on the date set out in such notice, which date shall not be earlier than the commencement of the fiscal quarter which immediately precedes the fiscal quarter during which such notice is given, that either:

(a) a Material Subsidiary shall be a Non-material Subsidiary; or

(b) a Non-material Subsidiary will be a Material Subsidiary;

provided that, the Borrower shall not be entitled to designate that a Material Subsidiary shall be a Non-material Subsidiary if:

(c) a Default or an Event of Default has occurred and is continuing other than a Default or Event of Default that would be cured by such designation;

(d) a Default or an Event of Default would result from or exist immediately after such a designation;

(e) such Subsidiary owns or holds, directly or indirectly (whether through the ownership of or investments in other Subsidiaries of the Borrower or otherwise), any ownership interest in any assets or properties which are included in the most recent determination of the Borrowing Base; or

(f) such Material Subsidiary is Calfrac LP or Calfrac U.S.

2.26 Borrowing Base Limit; Determinations of Borrowing Base

(1) The Borrower shall not, at any time, have or allow the Outstanding Principal of all Loans under the Credit Facilities to exceed the Borrowing Base then in effect.

(2) The Borrowing Base shall be determined and re-determined as follows:

(a) subject to the other provisions of this Section 2.26, the Borrowing Base shall be the amount certified as such in the most recent Borrowing Base Certificate delivered by the Borrower to the Agent;

(b) within 5 days after receipt by the Lenders of each Borrowing Base Certificate required to be delivered hereunder, each Lender shall advise the Agent if it agrees with the certification of the Borrowing Base provided in the Borrowing Base Certificate (such determination to be made by each Lender acting reasonably); provided that, if a Lender shall not so advise the Agent, then such Lender shall be deemed to have agreed with the certification of the Borrower in the Borrowing Base Certificate;

(c) if all of the Lenders do not agree to the amount of the Borrowing Base as certified in the Borrowing Base Certificate, the Lenders may re-determine the Borrowing Base (acting reasonably) and the Agent shall deliver to the Borrower written notice of the re-determination of the Borrowing Base (each such notice, a "**Borrowing Base Notice**") (with a copy thereof to each Lender) specifying such re-determined Borrowing Base;

(d) if all of the Lenders cannot agree on the re-determination of the Borrowing Base within 10 days after receipt of the Borrowing Base Certificate, then the Borrowing Base shall be deemed to have been determined by the Lenders as the amount agreed to by the Majority of the Lenders and if the Majority of the Lenders cannot agree on the re-determination of the Borrowing Base within 10 days after receipt of the Borrowing Base Certificate, then the Borrowing Base shall be deemed to have been

determined by the Lenders as the average amount proposed by all the Lenders to the Agent and promptly after the expiry of such 10 day period the Agent shall deliver a Borrowing Base Notice to the Borrower (with a copy thereof to each Lender) specifying such Borrowing Base; and

(e) for certainty, the re-determined Borrowing Base shall be effective immediately upon receipt by the Borrower of a Borrowing Base Notice delivered pursuant to Section 2.26(2)(c)or 2.26(2)(d), as applicable.

(3) In addition to and without limiting the foregoing or any other provision hereof, in connection with each Permitted Factoring Transaction and any sale of Accounts Receivable owing by an Account Debtor in excess of Cdn.$5,000,000 (or the Equivalent Amount thereof) either (a) the Borrower shall deliver a revised Borrowing Base Certificate within 5 Banking Days of such sale (with the only adjustments from the previously effective Borrowing Base Certificate being adjustments to take into account the disposition of Eligible Accounts Receivable and, if applicable, the receipt of Unencumbered Cash from the proceeds of such sale) and the new Borrowing Base shall take effect immediately subject to the provisions of Section 2.26(2)) or (b) the Accounts Receivable sold shall be immediately excluded from the Borrowing Base without any further notice or documentation.

(4) If, after a Borrowing Base determination or re-determination, the aggregate Outstanding Principal of all Loans under the Credit Facilities exceeds the Borrowing Base then in effect (a "**Borrowing Base Shortfall**"), the Borrower will within 15 Banking Days repay Loans under the Credit Facilities to the extent necessary to reduce the Outstanding Principal of Loans under the Credit Facilities by not less than the amount of the Borrowing Base Shortfall.

ARTICLE 3 - CONDITIONS PRECEDENT TO DRAWDOWNS

3.1 Conditions for Drawdowns

On or before each Drawdown hereunder the following conditions shall be satisfied:

(a) the Agent or the Operating Lender, as applicable, shall have received a proper and timely Drawdown Notice from the Borrower requesting the Drawdown;

(b) the representations and warranties set forth in Section 9.1 shall be true and accurate in all respects on and as of the date of the requested Drawdown;

(c) no Default or Event of Default shall have occurred and be continuing nor shall the Drawdown result in the occurrence of a Default or Event of Default;

(d) No Material Adverse Change shall have occurred;

(e) a Borrowing Base Shortfall shall not exist and, after giving effect to the proposed Drawdown, the Outstanding Principal of all Loans shall not exceed the Borrowing Base then in effect; and

(f) after giving effect to the proposed Drawdown, the Outstanding Principal of all Loans outstanding under the relevant Credit Facility shall not exceed the maximum amount of such Credit Facility.

3.2 Additional Conditions For Amendment and Restatement

This Agreement shall be effective upon, and the Existing Credit Agreement shall be amended and restated as herein provided upon, the following conditions being satisfied:

(a) the Borrower shall have paid to each Lender under the Credit Facilities, an extension fee in an amount equal to 0.20% of the aggregate final allocated Commitments of each such Lender under the Credit Facilities and all other fees and expenses previously agreed to in writing between the Borrower and each of the Agent and the Lenders including, without limitation, all fees payable pursuant to the Fee Letter, shall be paid by the Borrower to the Agent or the Lenders, as applicable;

(b) the Borrower shall have delivered to the Agent and the Lenders a current certificate of status, compliance or good standing, as the case may be, in respect of its jurisdiction of incorporation, certified copies of its constating documents, by-laws, shareholder agreements, other organizational documents and the resolutions authorizing the Documents to which it is a party and the transactions thereunder and an Officers' Certificate as to the incumbency of the officers thereof signing the Documents to which it is a party;

(c) Calfrac U.S. and each other Material Subsidiary which has provided Security, if any, shall have delivered to the Agent and the Lenders a current certificate of status, compliance or good standing, as the case may be, in respect of its jurisdiction of incorporation, certified copies of its constating documents, by-laws, shareholder agreements, other organizational documents and the resolutions authorizing the Documents to which it is a party and the transactions thereunder and an Officers' Certificate as to the incumbency of the officers thereof signing the Documents to which it is a party;

(d) the Agent and the Lenders shall have received legal opinions from each of (i) legal counsel to the Borrower and the Material Subsidiaries which have provided Security and (ii) Lenders' Counsel in form and substance as may be required by the Lenders in their sole discretion;

(e) (i) no Default or Event of Default shall have occurred and be continuing and (ii) the representations and warranties set forth in Section 9.1 shall be true and accurate in all respects and the Borrower shall have delivered to the Agent and the Lenders an Officer's Certificate certifying the same to the Agent and the Lenders;

(f) each Subsidiary which has provided Security shall have executed and delivered to the Agent on behalf of the Lenders a confirmation of guarantee and security, in form and substance satisfactory to the Agent, acting reasonably;

(g) the Borrower shall have executed and delivered to the Agent the Fee Letter;

(h) no Material Adverse Change shall have occurred and the Borrower shall have delivered to the Agent and the Lenders an Officer's Certificate certifying the same to the Agent and the Lenders;

(i) the Borrower shall have delivered to the Agent and the Lenders an Officer's Certificate detailing the legal structure and ownership of the Borrower and its Subsidiaries, which certificate shall be in form and substance satisfactory to the Agent and Lenders' Counsel (each acting reasonably);

(j) the Borrower shall have delivered to the Agent certificates of insurance in respect of the Borrower and the Material Subsidiaries which have provided Security, which names the Agent as an additional insured and first loss payee;

(k) the Borrower shall have delivered to the Agent a *pro forma* Borrowing Base Certificate, which Borrowing Base Certificate shall be in form and substance satisfactory to the Agent, acting reasonably;

(l) the Borrower shall have delivered to the Agent (i) one year *pro forma* consolidated financial projections of the Borrower, including the projected income statement, balance sheet and cash flow and (ii) the calculation of the financial covenants for each applicable Quarter End contained therein, each in form and substance satisfactory to the Agent, acting reasonably; and

(m) the Agent and the Lenders shall have received all such other documentation and information reasonably requested from the Borrower and its Subsidiaries including all documentation and other information reasonably requested by any Lender or the Agent, in order to comply with any applicable Anti-Money Laundering Laws.

3.3 Waiver

The conditions set forth in Sections 3.1 and 3.2 are inserted for the sole benefit of the applicable Lenders and, in the case of the Syndicated Facility, the Agent and may be waived by the applicable Lenders, in whole or in part (with or without terms or conditions) without prejudicing the right of the applicable Lenders or Agent at any time to assert such waived conditions in respect of any subsequent Drawdown.

ARTICLE 4 - EVIDENCE OF DRAWDOWNS

4.1 Account of Record

(1) The Agent shall open and maintain books of account or electronically stored records evidencing all Loans and all other amounts owing by the Borrower to the Syndicated Facility Lenders hereunder. The Agent shall enter in the foregoing accounts or records details of all amounts from time to time owing, paid or repaid by the Borrower hereunder. The information entered in the foregoing accounts or records shall, absent manifest error, constitute *prima facie* evidence of the obligations of the Borrower to the Syndicated Facility Lenders hereunder with

respect to all Loans and all other amounts owing by the Borrower to the Syndicated Facility Lenders hereunder. After a request by the Borrower, the Agent shall promptly advise the Borrower of such entries made in the Agent's books of account or electronically stored records.

(2) The Operating Lender shall open and maintain books of account evidencing all Loans and all other amounts owing by the Borrower to the Operating Lender hereunder. The Operating Lender shall enter in the foregoing accounts details of all amounts from time to time owing, paid or repaid by the Borrower hereunder. The information entered in the foregoing accounts shall, absent manifest error, constitute prima facie evidence of the obligations of the Borrower to the Operating Lender hereunder with respect to all Loans and all other amounts owing by the Borrower to the Operating Lender hereunder. After a request by the Borrower, the Operating Lender shall promptly advise the Borrower of such entries made in the Operating Lender's books of account.

ARTICLE 5 - PAYMENTS OF INTEREST AND FEES

5.1 Interest on Canadian Prime Rate Loans

The Borrower shall pay interest on each Canadian Prime Rate Loan owing by it during each Interest Period applicable thereto in Canadian Dollars at a rate per annum equal to the Canadian Prime Rate in effect from time to time during such Interest Period plus the Applicable Pricing Rate. Each determination by the Agent or the Operating Lender, as applicable, of the Canadian Prime Rate applicable from time to time during an Interest Period shall, in the absence of manifest error, be *prima facie* evidence thereof. Such interest shall accrue daily and shall be payable in arrears on each Interest Payment Date for such Loan for the period from and including the Drawdown Date or the preceding Conversion Date or Interest Payment Date, as the case may be, for such Loan to and including the day preceding such Interest Payment Date and shall be calculated on the principal amount of the Canadian Prime Rate Loan outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 days. Changes in the Canadian Prime Rate shall cause an immediate adjustment of the interest rate applicable to such Loans without the necessity of any notice to the Borrower.

5.2 Interest on U.S. Base Rate Loans

The Borrower shall pay interest on each U.S. Base Rate Loan owing by it during each Interest Period applicable thereto in United States Dollars at a rate per annum equal to the U.S. Base Rate in effect from time to time during such Interest Period plus the Applicable Pricing Rate. Each determination by the Agent or the Operating Lender, as applicable, of the U.S. Base Rate applicable from time to time during an Interest Period shall, in the absence of manifest error, be *prima facie* evidence thereof. Such interest shall be payable in arrears on each Interest Payment Date for such Loan for the period from and including the Drawdown Date or the preceding Conversion Date or Interest Payment Date, as the case may be, for such Loan to and including the day preceding such Interest Payment Date and shall be calculated on the principal amount of the U.S. Base Rate Loan outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 days. Changes in the U.S. Base Rate shall cause an immediate adjustment of the interest rate applicable to such Loans without the necessity of any notice to the Borrower.

5.3 Interest on Libor Loans

The Borrower shall pay interest on each Libor Loan owing by it during each Interest Period applicable thereto in United States Dollars at a rate per annum, calculated on the basis of a 360 day year, equal to the Libor Rate with respect to such Interest Period plus the Applicable Pricing Rate. Each determination by the Agent or the Operating Lender, as applicable, of the Libor Rate applicable to an Interest Period shall, in the absence of manifest error, be *prima facie* evidence thereof. Such interest shall accrue daily and shall be payable in arrears on each Interest Payment Date for such Loan for the period from and including the Drawdown Date or the preceding Rollover Date, Conversion Date or Interest Payment Date, as the case may be, for such Loan to and including the day preceding such Interest Payment Date and shall be calculated on the principal amount of the Libor Loan outstanding during such period and on the basis of the actual number of days elapsed divided by 360.

5.4 *Interest Act* (Canada); Conversion of 360 Day Rates

(1) Whenever a rate of interest or other rate per annum hereunder is expressed or calculated on the basis of a year (the "deemed year") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

(2) Whenever a rate of interest or other rate per annum hereunder is expressed or calculated on the basis of a year of 360 days, such rate of interest or other rate shall be expressed as a rate per annum, calculated on the basis of a 365 day year, by multiplying such rate of interest or other rate by 365 and dividing it by 360.

(3) The Borrower:

(a) confirms that it fully understands and is able to calculate the rate of interest applicable to the Credit Facilities based on the methodology for calculating per annum rates provided for in this Agreement. The Agent agrees that, if requested in writing by the Borrower, it will calculate the nominal and effective per annum rate of interest on any Loan outstanding at the time of such request and provide such information to the Borrower within a reasonable time following such request; provided that any error in any such calculation, or any failure to provide such information on request, shall not relieve the Borrower of any of its obligations under this Agreement or any other Document, nor result in any liability to the Agent or any Lender; and

(b) hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to the Documents, that the interest payable under this Agreement and the calculation thereof has not been adequately disclosed to the Borrower, whether pursuant to section 4 of the *Interest Act* (Canada) or any other applicable law or legal principle.

5.5 Nominal Rates; No Deemed Reinvestment

The principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement; all interest payments to be made hereunder shall be paid without allowance or deduction for deemed reinvestment or otherwise, before and after maturity, default and judgment. The rates of interest specified in this Agreement are intended to be nominal rates and not effective rates. Interest calculated hereunder shall be calculated using the nominal rate method and not the effective rate method of calculation.

5.6 Standby Fees

(1) The Borrower shall pay to the Agent for the account of the Syndicated Facility Lenders a standby fee in Canadian Dollars in respect of the Syndicated Facility calculated at a rate per annum equal to the Applicable Pricing Rate on the amount, if any, by which the amount of the Outstanding Principal under the Syndicated Facility in question for each day in the period of determination is less than the maximum amount for each such day of the Syndicated Facility. Fees determined in accordance with this Section shall accrue daily from and after the date hereof and be payable by the Borrower quarterly in arrears and on cancellation in full of the Syndicated Facility and on the Syndicated Facility Maturity Date.

(2) The Borrower shall pay to the Operating Lender a standby fee in Canadian Dollars in respect of the Operating Facility calculated at a rate per annum equal to the Applicable Pricing Rate on the amount, if any, by which the amount of the Outstanding Principal under the Operating Facility for each day in the period of determination is less than the maximum amount for each such day of the Operating Facility. Fees determined in accordance with this Section shall accrue daily from and after the date hereof and be payable by the Borrower quarterly in arrears and on cancellation in full of the Operating Facility and on the Operating Facility Maturity Date.

(3) As of: (i) the first day of January, April, July and October in each year, (ii) the date of any cancellation in full of a Credit Facility and (iii) the Maturity Date applicable to a Credit Facility the Agent, or in the case of the Operating Facility, the Operating Lender, shall determine the standby fees under this Section in respect of the applicable Credit Facility for the period from and including the date hereof or the date of the immediately preceding determination, as the case may be, to but excluding that date of determination and shall deliver to the Borrower a written request for payment of the standby fees so determined, as detailed therein. The Borrower shall pay to the Agent for the account of the Syndicated Facility Lenders, or in the case of the Operating Facility, the Operating Lender, the standby fees referred to above within 5 Banking Days after receipt of each such written request.

(4) For certainty, no standby fees shall be payable by the Borrower in respect of a given Credit Facility for any period of time after the Maturity Date applicable to such Credit Facility.

5.7 Agent's Fees

From and after the date hereof, the Borrower shall pay to the Agent, for its own account, until the Credit Facilities have been fully cancelled and all Obligations hereunder have been paid in full, the non-refundable agency fees in the amounts specified in the Agency Fee Agreement.

5.8 Interest on Overdue Amounts

Notwithstanding any other provision hereof, in the event that any amount due hereunder (including, without limitation, any interest payment) is not paid when due (whether by acceleration or otherwise), the Borrower shall pay interest on such unpaid amount (including, without limitation, interest on interest), if and to the fullest extent permitted by applicable law, from the date that such amount is due until the date that such amount is paid in full (but excluding the date of such payment if the payment is received for value at the required place of payment on the date of such payment), and such interest shall accrue daily, be calculated and compounded monthly and be payable on demand, after as well as before maturity, default and judgment, at a rate per annum that is equal to (i) in respect of amounts due in Canadian Dollars, the rate of interest then payable on Canadian Prime Rate Loans plus 2.0% per annum or (ii) in respect of amounts due in United States Dollars, the rate of interest then payable on U.S. Base Rate Loans plus 2.0% per annum.

5.9 Waiver

To the extent permitted by applicable law, the covenant of the Borrower to pay interest at the rates provided herein shall not merge in any judgment relating to any obligation of the Borrower to the Lenders or the Agent and any provision of the *Interest Act* (Canada) or *Judgment Interest Act* (Alberta) which restricts any rate of interest set forth herein shall be inapplicable to this Agreement and is hereby waived by the Borrower.

5.10 Maximum Rate Permitted by Law

No interest or fee to be paid hereunder shall be paid at a rate exceeding the maximum rate permitted by applicable law. In the event that such interest or fee exceeds such maximum rate, such interest or fees shall be reduced or refunded, as the case may be, so as to be payable at the highest rate recoverable under applicable law.

ARTICLE 6 - BANKERS' ACCEPTANCES

6.1 Bankers' Acceptances

The Borrower may give the Agent notice that Bankers' Acceptances will be required under the Syndicated Facility pursuant to a Drawdown, Rollover or Conversion and the Borrower may give the Operating Lender notice that Bankers' Acceptances will be required under the Operating Facility pursuant to a Drawdown, Rollover or Conversion.

6.2 Fees

Upon the acceptance by a Lender of a Bankers' Acceptance, the Borrower shall pay to the Agent for the account of such Lender, or shall pay to the Operating Lender, as applicable, a fee in Canadian Dollars equal to the Applicable Pricing Rate calculated on the principal amount at maturity of such Bankers' Acceptance and for the period of time from and including the date of acceptance to but excluding the maturity date of such Bankers' Acceptance and calculated on the basis of the number of days elapsed in a year of 365 days.

6.3 Form and Execution of Bankers' Acceptances

The following provisions shall apply to each Bankers' Acceptance hereunder:

(a) the face amount at maturity of each draft drawn by the Borrower to be accepted as a Bankers' Acceptance shall be Cdn.$100,000 and integral multiples thereof;

(b) the term to maturity of each draft drawn by the Borrower to be accepted as a Bankers' Acceptance shall, subject to market availability as determined by the applicable Lenders, be 1, 2, 3 or 6 months (or such other longer or shorter term as agreed by the applicable Lenders), as selected by the Borrower in the relevant Drawdown, Rollover or Conversion Notice, and each Bankers' Acceptance shall be payable and mature on the last day of the Interest Period selected by the Borrower for such Bankers' Acceptance (which, for certainty, pursuant to the definition of "Interest Period" shall be on or prior to the Maturity Date of the Credit Facility under which the Bankers' Acceptances are proposed to be issued);

(c) each draft drawn by the Borrower and presented for acceptance by a Lender shall be drawn on the standard form of such Lender in effect at the time; provided, however, that the Agent may require the applicable Lenders to use a generic form of Bankers' Acceptance, in a form satisfactory to each Lender, acting reasonably, provided by the Agent for such purpose in place of such Lenders' own forms;

(d) subject to Section 6.3(e) below, Bankers' Acceptances shall be signed by duly authorized officers of the Borrower or, in the alternative, the signatures of such officers may be mechanically reproduced in facsimile thereon and Bankers' Acceptances bearing such facsimile signatures shall be binding on the Borrower as if they had been manually executed and delivered by such officers on behalf of the Borrower; notwithstanding that any person whose manual or facsimile signature appears on any Bankers' Acceptance may no longer be an authorized signatory for the Borrower on the date of issuance of a Bankers' Acceptance, such signature shall nevertheless be valid and sufficient for all purposes as if such authority had remained in force at the time of such issuance and any such Bankers' Acceptance shall be binding on the Borrower; and

(e) in lieu of signing Bankers' Acceptances in accordance with Section 6.3(d) above, the Borrower may provide a Power of Attorney to a Lender; for so long as a Power of Attorney is in force with respect to a given Lender, such Lender shall execute and deliver Bankers' Acceptances on behalf of the Borrower in accordance with the provisions thereof and, for certainty, all references herein to drafts drawn by the Borrower, Bankers' Acceptances executed by the Borrower or similar expressions shall be deemed to include Bankers' Acceptances executed in accordance with a Power of Attorney, unless the context otherwise requires.

6.4 Power of Attorney; Provision of Bankers' Acceptances to Lenders

(1) Unless revoked with respect to a given Lender in accordance herewith, the Borrower hereby appoints each Lender, acting by any authorized signatory of the Lender in question, the attorney of the Borrower:

(a) to sign for and on behalf and in the name of the Borrower as drawer, drafts in such Lender's standard form which are depository bills as defined in the *Depository Bills and Notes Act* (Canada) (the "**DBNA**"), payable to a "clearing house" (as defined in the DBNA) including, without limitation, The Canadian Depository For Securities Limited or its nominee, CDS & Co. (the "**clearing house**");

(b) for drafts which are not depository bills, to sign for and on behalf and in the name of the Borrower as drawer and to endorse on its behalf, Bankers' Acceptances drawn on the Lender payable to the order of the undersigned or payable to the order of such Lender;

(c) to fill in the amount, date and maturity date of such Bankers' Acceptances; and

(d) to deposit and/or deliver such Bankers' Acceptances which have been accepted by such Lender,

provided that such acts in each case are to be undertaken by the Lender in question strictly in accordance with instructions given to such Lender by the Borrower as provided in this Section. For certainty, signatures of any authorized signatory of a Lender may be mechanically reproduced in facsimile on Bankers' Acceptances in accordance herewith and such facsimile signatures shall be binding and effective as if they had been manually executed by such authorized signatory of such Lender.

Instructions from the Borrower to a Lender relating to the execution, completion, endorsement, deposit and/or delivery by that Lender on behalf of the Borrower of Bankers' Acceptances which the Borrower wishes to submit to the Lender for acceptance by the Lender shall be communicated by the Borrower in writing to the Agent or to the Operating Lender, as applicable, by delivery to the Agent or the Operating Lender, as applicable, of Drawdown Notices, Conversion Notices and Rollover Notices, as the case may be, in accordance with this Agreement which, in the case of Bankers' Acceptances under the Syndicated Facility, in turn, shall be communicated by the Agent, on behalf of the Borrower, to the applicable Lender.

The communication in writing by the Borrower, or on behalf of the Borrower by the Agent, to the Lender of the instructions set out in the Drawdown Notices, Conversion Notices and Rollover Notices referred to above shall constitute (a) the authorization and instruction of the Borrower to the Lender to sign for and on behalf and in the name of the Borrower as drawer the requested Bankers' Acceptances and to complete and/or endorse Bankers' Acceptances in accordance with such information as set out above and (b) the request of the Borrower to the Lender to accept such Bankers' Acceptances and deposit the same with the clearing house or deliver the same, as the case may be, in each case in accordance with this Agreement and such instructions. The Borrower acknowledges that a Lender shall not be obligated to accept any such Bankers' Acceptances except in accordance with the provisions of this Agreement.

A Lender shall be and it is hereby authorized to act on behalf of the Borrower upon and in compliance with instructions communicated to that Lender as provided herein if the Lender reasonably believes such instructions to be genuine. If a Lender accepts Bankers' Acceptances pursuant to any such instructions, that Lender shall confirm particulars of such instructions, in the case of Bankers' Acceptances under the Syndicated Facility, and advise the Agent that it has complied therewith by notice in writing addressed to the Agent and served personally or sent by telecopier in accordance with the provisions hereof and, in the case of Bankers Acceptances under the Operating Facility, advise the Borrower that it has complied therewith by notice in writing addressed to the Borrower and served personally or sent by telecopier in accordance with the provisions hereof. A Lender's actions in compliance with such instructions, confirmed and advised to the Agent by such notice, shall be conclusively deemed to have been in accordance with the instructions of the Borrower.

This Power of Attorney may be revoked by the Borrower with respect to any particular Lender at any time upon not less than 5 Banking Days' prior written notice served upon the Lender in question and, in the case of the Syndicated Facility, the Agent, provided that no such revocation shall reduce, limit or otherwise affect the obligations of the Borrower in respect of any Bankers' Acceptance executed, completed, endorsed, deposited and/or delivered in accordance herewith prior to the time at which such revocation becomes effective.

(2) Unless the Borrower has provided Powers of Attorney to the applicable Lenders, to facilitate Drawdowns, Rollovers or Conversions of Bankers' Acceptances, the Borrower shall, upon execution of this Agreement and thereafter from time to time as required by the Lenders, provide to the Agent, for delivery to each Syndicated Facility Lender, and the Operating Lender drafts drawn in blank by the Borrower (pre-endorsed and otherwise in fully negotiable form, if applicable) in quantities sufficient for each Lender to fulfil its obligations hereunder. Any such pre-signed drafts which are delivered by the Borrower to the Agent or a Lender shall be held in safekeeping by the Agent or such Lender, as the case may be, with the same degree of care as if they were the Agent's or such Lender's property, and shall only be dealt with by the Lenders and the Agent in accordance herewith. No Lender shall be responsible or liable for its failure to make its share of any Drawdown, Rollover or Conversion of Bankers' Acceptances required hereunder if the cause of such failure is, in whole or in part, due to the failure of the Borrower to provide such pre signed drafts to the Agent (for delivery to such Lender) or the Operating Lender, as applicable, on a timely basis.

(3) By 10:00 a.m. (Calgary time) on the applicable Drawdown Date, Conversion Date or Rollover Date, the Borrower shall (a) either deliver to each applicable Lender in Toronto, or, if previously delivered, be deemed to have authorized each applicable Lender to complete and accept, or (b) where the Borrower has previously executed and delivered a Power of Attorney to such Lender, be deemed to have authorized each such Lender to sign on behalf of the Borrower, complete and accept, drafts drawn by the Borrower on such Lender in a principal amount at maturity equal to such Lender's share of the Bankers' Acceptances specified by the Borrower in the relevant Drawdown Notice, Conversion Notice or Rollover Notice, as the case may be, as notified to the applicable Lenders by the Agent.

6.5 Mechanics of Issuance

(1) Upon receipt by the Agent of a Drawdown Notice, Conversion Notice or Rollover Notice from the Borrower requesting the issuance of Bankers' Acceptances, the Agent shall promptly notify the applicable Lenders thereof and advise each such Lender of the aggregate face amount of Bankers' Acceptances to be accepted by such Lender, the date of issue, the Interest Period for such Loan and, whether such Bankers' Acceptances are to be self-marketed by the Borrower or purchased by such Lender for its own account; with respect to Bankers' Acceptances under the Syndicated Facility, the apportionment among the Syndicated Facility Lenders of the face amounts of Bankers' Acceptances to be accepted by each such Lender shall be determined by the Agent by reference and in proportion to the respective Syndicated Facility Commitments of each Lender, provided that, when such apportionment cannot be evenly made, the Agent shall round allocations amongst such Lenders consistent with the Agent's normal money market practices.

(2) Unless the Borrower has elected pursuant to Section 6.5(3) to have each Lender purchase for its own account the Bankers' Acceptances to be accepted by it in respect of any Drawdown, Rollover or Conversion, on each Drawdown Date, Rollover Date or Conversion Date involving the issuance of Bankers' Acceptances:

(a) the Borrower shall obtain quotations from prospective purchasers regarding the sale of the Bankers' Acceptances and shall accept such offers in its sole discretion;

(b) by no later than 9:00 a.m. (Calgary time) on such date, the Borrower shall provide the Agent or the Operating Lender, as applicable, with details regarding the sale of the Bankers' Acceptances described in (a) above whereupon, with respect to Bankers' Acceptances under the Syndicated Facility, the Agent shall promptly notify the applicable Lenders of the identity of the purchasers of such Bankers' Acceptances, the amounts being purchased by such purchasers, the Discount Proceeds and the acceptance fees applicable to such issue of Bankers' Acceptances (including each applicable Lender's share thereof);

(c) each applicable Lender shall complete and accept in accordance with the Drawdown Notice, Conversion Notice or Rollover Notice delivered by the Borrower and advised by the Agent in connection with such issue, its share of the Bankers' Acceptances to be issued on such date; and

(d) in the case of a Drawdown, each applicable Lender shall, on receipt of the Discount Proceeds, remit the Discount Proceeds (net of the acceptance fee payable to such Lender pursuant to Section 6.2) to the Agent for the account of the Borrower; the Agent shall make such funds available to the Borrower for same day value on such date.

(3) The Borrower may, with respect to the issuance of Bankers' Acceptances hereunder from time to time, elect in the Drawdown Notice, Conversion Notice or Rollover Notice, as the case may be, delivered in respect of such issuance to have the applicable Lenders purchase such Bankers' Acceptances for their own account. In respect of the Syndicated Facility, on each such

Drawdown Date, Rollover Date or Conversion Date involving the issuance of Bankers' Acceptances being so purchased by the applicable Lenders:

(a) before 9:00 a.m. (Calgary time) on such date, the Agent, shall determine the CDOR Rate and shall obtain quotations from each Schedule II Lender or Schedule III Lender of the Discount Rate then applicable to bankers' acceptances accepted by such Schedule II Lender or Schedule III Lender in respect of an issue of bankers' acceptances in a comparable amount and with comparable maturity to the Bankers' Acceptances proposed to be issued on such date;

(b) on or about 9:00 a.m. (Calgary time) on such date, the Agent shall determine the BA Discount Rate applicable to each applicable Lender and shall advise each such Lender of the BA Discount Rate applicable to it;

(c) each applicable Lender shall complete and accept, in accordance with the Drawdown Notice, Conversion Notice or Rollover Notice delivered by the Borrower and advised by the Agent in connection with such issue, its share of the Bankers' Acceptances to be issued on such date and shall purchase such Bankers' Acceptances for its own account at a purchase price which reflects the BA Discount Rate applicable to such issue; and

(d) in the case of a Drawdown, each applicable Lender shall, for same day value on the Drawdown Date, remit the Discount Proceeds or advance the BA Equivalent Advance, as the case may be, payable by such Lender (net of the acceptance fee payable to such Lender pursuant to Section 6.2) to the Agent for the account of the Borrower; the Agent shall make such funds available to the Borrower for same day value on such date.

(4) On each Drawdown Date, Rollover Date or Conversion Date involving the issuance of Bankers' Acceptances being so purchased by the Operating Lender:

(a) on or about 9:00 a.m. (Calgary time) on such date, the Operating Lender shall determine the BA Discount Rate applicable to it;

(b) the Operating Lender shall complete and accept, in accordance with the Drawdown Notice, Conversion Notice or Rollover Notice delivered by the Borrower, the Bankers' Acceptances to be issued on such date and shall purchase such Bankers' Acceptances for its own account at a purchase price which reflects the BA Discount Rate applicable to such issue; and

(c) in the case of a Drawdown, the Operating Lender shall make the Discount Proceeds (net of the acceptance fee payable to the Operating Lender pursuant to Section 6.2) available to the Borrower for same day value.

(5) Each Lender may at any time and from time to time hold, sell, rediscount or otherwise dispose of any or all Bankers' Acceptances accepted and purchased by it for its own account.

6.6 Rollover, Conversion or Payment on Maturity

In anticipation of the maturity of Bankers' Acceptances, the Borrower shall, subject to and in accordance with the requirements hereof, do one or a combination of the following with respect to the aggregate face amount at maturity of all such Bankers' Acceptances:

(a) (i) deliver to the Agent or the Operating Lender, as applicable, a Rollover Notice that the Borrower intends to draw and present for acceptance on the maturity date new Bankers' Acceptances (issued under the same Credit Facility as the maturing Bankers' Acceptances) in an aggregate face amount up to the aggregate amount of the maturing Bankers' Acceptances and (ii) on the maturity date pay to the Agent for the account of the applicable Lenders or the Operating Lender, as applicable, an additional amount equal to the difference between the aggregate face amount of the maturing Bankers' Acceptances and the Discount Proceeds of such new Bankers' Acceptances;

(b) (i) deliver to the Agent or the Operating Lender, as applicable, a Conversion Notice requesting a Conversion of the maturing Bankers' Acceptances to another type of Loan under the same Credit Facility as the maturing Bankers' Acceptances and (ii) on the maturity date pay to the Agent for the account of the applicable Lenders or the Operating Lender, as applicable, an amount equal to the difference, if any, between the aggregate face amount of the maturing Bankers' Acceptances and the amount of the Loans into which Conversion is requested; or

(c) on the maturity date of the maturing Bankers' Acceptances, pay to the Agent for the account of the applicable Lenders or the Operating Lender, as applicable, an amount equal to the aggregate face amount of such Bankers' Acceptances.

If the Borrower fails to so notify the Agent or the Operating Lender, as applicable, or make such payments on maturity, the Agent or the Operating Lender, as applicable, shall effect a Conversion into a Canadian Prime Rate Loan under the same Credit Facility as the maturing Bankers' Acceptances of the entire amount of such maturing Bankers' Acceptances as if a Conversion Notice had been given by the Borrower to the Agent or the Operating Lender, as applicable, to that effect.

6.7 Restriction on Rollovers and Conversions

Subject to the other provisions hereof, Conversions and Rollovers of Bankers' Acceptances may only occur on the maturity date thereof.

6.8 Rollovers

In order to satisfy the continuing liability of the Borrower to a Lender for the face amount of maturing Bankers' Acceptances accepted by such Lender, the Lender shall receive and retain for its own account the Discount Proceeds of new Bankers' Acceptances issued on a Rollover, and the Borrower shall on the maturity date of the Bankers' Acceptances being rolled over pay to the Agent for the account of the applicable Lenders or the Operating Lender, as applicable, an amount equal to the difference between the face amount of the maturing Bankers'

Acceptances and the Discount Proceeds from the new Bankers' Acceptances, together with the acceptance fees to which the Lenders are entitled pursuant to Section 6.2.

6.9 Conversion into Bankers' Acceptances

In respect of Conversions into Bankers' Acceptances, in order to satisfy the continuing liability of the Borrower to the applicable Lenders for the amount of the converted Loan, each applicable Lender shall receive and retain for its own account the Discount Proceeds of the Bankers' Acceptances issued upon such Conversion, and the Borrower shall on the Conversion Date pay to the Agent for the account of the applicable Lenders or the Operating Lender, as applicable, an amount equal to the difference between the principal amount of the converted Loan and the aggregate Discount Proceeds from the Bankers' Acceptances issued on such Conversion, together with the acceptance fees to which the applicable Lenders are entitled pursuant to Section 6.2.

6.10 Conversion from Bankers' Acceptances

In order to satisfy the continuing liability of the Borrower to the applicable Lenders for an amount equal to the aggregate face amount of the maturing Bankers' Acceptances converted to another type of Loan, the Agent or the Operating Lender, as applicable, shall record the obligation of the Borrower to the applicable Lenders as a Loan of the type into which such continuing liability has been converted.

6.11 BA Equivalent Advances

Notwithstanding the foregoing provisions of this Article, a Non-Acceptance Lender shall, in lieu of accepting Bankers' Acceptances, make a BA Equivalent Advance. The amount of each BA Equivalent Advance shall be equal to the Discount Proceeds which would be realized from a hypothetical sale of those Bankers' Acceptances which, but for this Section, such Lender would otherwise be required to accept as part of such a Drawdown, Conversion or Rollover of Bankers' Acceptances. To determine the amount of such Discount Proceeds, the hypothetical sale shall be deemed to take place at the BA Discount Rate for such Loan. Any BA Equivalent Advance shall be made on the relevant Drawdown Date, Rollover Date or Conversion Date as the case may be and shall remain outstanding for the term of the relevant Bankers' Acceptances. Concurrent with the making of a BA Equivalent Advance, a Non-Acceptance Lender shall be entitled to deduct therefrom an amount equal to the acceptance fee which, but for this Section, such Lender would otherwise be entitled to receive as part of such Loan. Subject to Section 6.6, upon the maturity date for such Bankers' Acceptances, the Borrower shall pay to each Non-Acceptance Lender an amount equal to the face amount at maturity of the Bankers' Acceptances which, but for this Section, such Lender would otherwise be required to accept as part of such a Drawdown, Conversion or Rollover of Bankers' Acceptances as repayment of the amount of its BA Equivalent Advance plus payment of the interest accrued and payable thereon to such maturity date.

All references herein to "Loans" and "Bankers' Acceptances" shall, unless otherwise expressly provided herein or unless the context otherwise requires, be deemed to include BA Equivalent Advances made by a Non-Acceptance Lender as part of a Drawdown, Conversion or Rollover of Bankers' Acceptances.

6.12 Termination of Bankers' Acceptances

If at any time a Lender ceases to accept bankers' acceptances in the ordinary course of its business, such Lender shall be deemed to be a Non-Acceptance Lender and shall make BA Equivalent Advances in lieu of accepting Bankers' Acceptances under this Agreement.

6.13 Borrower Acknowledgements

In the event that the Borrower is marketing its own Bankers' Acceptances in accordance with Section 6.5(2), the Borrower hereby agrees that it shall make its own arrangements for the marketing and sale of the Bankers' Acceptances to be issued hereunder and that the Lender shall have no obligation nor be responsible in that regard. The Borrower further acknowledges and agrees that the availability of purchasers for Bankers' Acceptances requested to be issued hereunder, as well as all risks relating to the purchasers thereof, are its own risk.

ARTICLE 7 - LETTERS OF CREDIT

7.1 Availability

Subject to the provisions hereof, the Borrower may require that Letters of Credit be issued under the Operating Facility or the Syndicated Facility in accordance with the Drawdown Notices and Rollover Notices of the Borrower; provided that the aggregate Outstanding Principal represented by all outstanding Letters of Credit under the Operating Facility shall not exceed Cdn.$40,000,000 and the aggregate Outstanding Principal represented by all outstanding Letters of Credit under the Syndicated Facility shall not exceed U.S.$37,500,000. The issuance of Letters of Credit shall constitute Drawdowns or Rollovers (as applicable) hereunder and shall reduce the availability of applicable Credit Facility by the aggregate Outstanding Principal of Letters of Credit under such Credit Facility. References to "Lenders" in this Article are deemed to be references to the Operating Lender or the Syndicated Facility Lenders, as applicable and as the context requires.

7.2 Currency, Type, Form and Expiry

Letters of Credit issued pursuant hereto shall be denominated in Canadian Dollars or United States Dollars and amounts payable thereunder shall be paid in the currency in which the Letter of Credit is denominated. Letters of Credit issued under the Operating Facility shall be in a form satisfactory to the Operating Lender, acting reasonably, and shall have an expiration date not in excess of one year from the date of issue and, in any event, not later than the then current Operating Facility Maturity Date. Letters of Credit issued under the Syndicated Facility shall be issued as a Fronted LC by the Fronting Lender and shall be in a form satisfactory to the Fronting Lender, acting reasonably, and shall have an expiration date not in excess of one year from the date of issue and, in any event, not later than the then current Syndicated Facility Maturity Date. On the applicable Maturity Date, the Borrower shall provide or cause to be provided to the Operating Lender or the Fronting Lender, as applicable, cash collateral or letters of credit (or any combination thereof) in accordance with the provisions of Section 2.17(2) in an amount equal to or greater than the aggregate undrawn amount of all unexpired Letters of Credit outstanding under the applicable Credit Facility; such cash collateral and letters of credit shall be held by the Operating Lender or the Fronting Lender, as applicable, and be applied in accordance with said Section 2.17(2) in satisfaction of and security for the Obligations of the Borrower for such unexpired Letters of

Credit.

7.3 No Conversion

Except as provided in Section 7.6, the Borrower may not effect a Conversion of a Letter of Credit.

7.4 Fronted LC Provisions

(1) With respect to Fronted LCs, the Fronting Lender will exercise and give the same care and attention to each Fronted LC issued by it hereunder as it gives to its other letters of credit and similar obligations, and the Fronting Lender's sole liability to each applicable Lender shall be to promptly return to the Agent for the account of the applicable Lenders, each such Lender's Rateable Portion of any payments made to the Fronting Lender by the Borrower hereunder (other than the fees and amounts payable to the Fronting Lender for its own account) if the Borrower has made a payment to the Fronting Lender hereunder. Each applicable Lender agrees that, in paying any drawing under a Fronted LC, the Fronting Lender shall not have any responsibility to obtain any document (other than as expressly required by such Fronted LC) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of any person delivering any such document. Neither the Fronting Lender nor any of its representatives, officers, employees or agents shall be liable to any Lender for:

(a) any action taken or omitted to be taken in connection herewith at the request or with the approval of the applicable Lenders;

(b) any action taken or omitted to be taken in connection with any Fronted LC in the absence of gross negligence or wilful misconduct; or

(c) the execution, effectiveness, genuineness, validity, or enforceability of any Fronted LC, or any other document contemplated thereby.

The Fronting Lender shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement or other writing (which may be a bank wire, telex or similar writing) believed by it to be genuine or to be signed by the proper person or persons.

(2) The Borrower and each Lender hereby authorize the Fronting Lender to review on behalf of each such Lender each draft and other document presented under each Fronted LC issued by the Fronting Lender. The determination of the Fronting Lender as to the conformity of any documents presented under a Fronted LC issued by it to the requirements of such Fronted LC shall, in the absence of the Fronting Lender's gross negligence or wilful misconduct, be conclusive and binding on the Borrower and each applicable Lender. The Fronting Lender shall, within a reasonable time following its receipt thereof, examine all documents purporting to represent a demand for payment under any Fronted LC issued by it. The Fronting Lender shall promptly after such examination:

(a) notify the Agent and the Borrower by telephone (confirmed in writing) of such demand for payment;

(b) deliver to the Agent a copy of each document purporting to represent a demand for payment under such Fronted LC; and

(c) notify the Agent and the Borrower whether said demand for payment was properly made under such Fronted LC.

7.5 Records

The Operating Lender and the Fronting Lender shall maintain records showing the undrawn and unexpired amount of each Letter of Credit outstanding under the applicable Credit Facility and, in the case of the Fronting Lender, each applicable Lender's share of such amount and showing for each such Letter of Credit issued hereunder:

(a) the dates of issuance and expiration thereof;

(b) the amount thereof; and

(c) the date and amount of all payments made thereunder.

The Operating Lender and the Agent, on behalf of the Fronting Lender, shall make copies of such records available to the Borrower or any applicable Lender upon its request.

7.6 Reimbursement or Conversion on Presentation;

(1) On presentation of a Letter of Credit and payment thereunder by the Operating Lender, the Borrower shall forthwith pay to and reimburse the Operating Lender for all amounts paid pursuant to such Letter of Credit; failing such payment, the Borrower shall be deemed to have effected a Conversion of such Letter of Credit into a Canadian Prime Rate Loan under the Operating Facility and to the extent of the payment by the Operating Lender thereunder.

(2) On presentation of a Letter of Credit issued under the Syndicated Facility and payment thereunder by the Fronting Lender, the Borrower shall forthwith pay to and reimburse the Fronting Lender for all amounts paid pursuant to such Letter of Credit or, failing such payment, the Borrower shall be deemed to have effected a Conversion of the amount so paid pursuant to such Letter of Credit into: (a) a Canadian Prime Rate Loan, in the case of a Letter of Credit denominated in Canadian Dollars or (b) a U.S. Base Rate Loan in the case of a Letter of Credit denominated in United States Dollars, in each case, to the extent of the payment by the Fronting Lender thereunder.

7.7 Fronting Lender Indemnity

(1) If the Fronting Lender makes payment under any Fronted LC and the Borrower does not fully reimburse the Fronting Lender on or before the date of payment, then Section 7.6 shall apply to deem a Loan to be outstanding to the Borrower under this Agreement in the manner herein set out. Each applicable Lender shall, on request by the Fronting Lender, immediately pay to the Fronting Lender an amount equal to such Lender's Rateable Portion of the amount paid by the Fronting Lender such that each such Lender is participating in the deemed Loan in accordance with

its Rateable Portion and, for certainty, regardless of whether any Default or Event of Default is then outstanding or whether any other condition to the making of a Loan has been satisfied or not.

(2) Each applicable Lender shall immediately on demand indemnify the Fronting Lender to the extent of such Lender's Rateable Portion of any amount paid or liability incurred by the Fronting Lender under each Fronted LC issued by it to the extent that the Borrower does not fully reimburse the Fronting Lender therefor.

(3) For certainty, the obligations in this Section 7.7 shall continue as obligations of those applicable Lenders who were Lenders at the time when each such Letter of Credit was issued notwithstanding that such Lender may assign its rights and obligations hereunder, unless the Fronting Lender specifically releases such Lender from such obligations in writing.

7.8 Fees and Expenses

(1) From and after the date hereof, the Borrower shall pay to the Operating Lender in respect of Letters of Credit issued under the Operating Facility, an issuance fee payable quarterly in arrears on the last Banking Day of each calendar quarter and payable on the date which the Operating Facility is fully cancelled, calculated at a rate per annum equal to the Applicable Pricing Rate and on the amount of each such Letter of Credit for the number of days which such Letter of Credit will be outstanding in the year of 365 days in which the Letter of Credit is issued; provided that the minimum issuance fee for each such Letter of Credit shall be Cdn.$350 for a Letter of Credit denominated in Canadian Dollars and U.S.$350 for a Letter of Credit denominated in United States Dollars. To the extent any existing and currently outstanding Letters of Credit for which issuance fees have been paid in advance are presented, cancelled, terminated or reduced prior to their original expiry date, the Operating Lender shall reimburse the Borrower for the amount of any applicable overpayment of any such issuance fees in connection with any such presentment, cancellation, termination or reduction.

(2) The Borrower shall pay to the Agent, for the account of the Syndicated Facility Lenders, in respect of the issuance of any Fronted LC issued under the Syndicated Facility, an issuance fee payable quarterly in arrears on the last Banking Day of each calendar quarter and payable on the date which the Syndicated Facility is fully cancelled, calculated at a rate per annum equal to the Applicable Pricing Rate and on the amount of each such Letter of Credit for the number of days which such Letter of Credit will be outstanding in the year of 365 days in which the Letter of Credit is issued; provided that the minimum issuance fee for each such Letter of Credit shall be Cdn.$350 for a Letter of Credit denominated in Canadian Dollars and U.S.$350 for a Letter of Credit denominated in United States Dollars.

(3) The Borrower shall pay to the Agent, for the account of the Fronting Lender, in respect of the issuance of any Fronted LC by the Fronting Lender, a fronting fee, payable quarterly in arrears on the last Banking Day of each calendar quarter and payable on the date which the Syndicated Facility is fully cancelled, calculated at a rate of 0.25% on the amount of each such Fronted LC for the number of days which such Fronted LC will be outstanding.

(4) In addition, with respect to all Letters of Credit, the Borrower shall from time to time pay to the Operating Lender or the Fronting Lender, as applicable, its usual and customary

fees and charges (at the then prevailing rates) for the amendment, delivery and administration of letters of credit such as the Letters of Credit and shall pay and reimburse the Operating Lender or the Fronting Lender, as applicable, for any out-of-pocket costs and expenses incurred in connection with any Letter of Credit, including in connection with any payment thereunder.

7.9 Additional Provisions

(1) Indemnity and No Lender Liability

The Borrower shall indemnify and save harmless the Lenders, the Operating Lender, the Fronting Lender and the Agent against all claims, losses, costs, expenses or damages to the Lenders, the Operating Lender, the Fronting Lender and the Agent arising out of or in connection with any Letter of Credit, the issuance thereof, any payment thereunder or any action taken by the Lenders, the Operating Lender, the Fronting Lender, the Agent or any other person in connection therewith, including all costs relating to any legal process or proceeding instituted by any party restraining or seeking to restrain the issuer of a Letter of Credit or the Operating Lender or the Fronting Lender, as applicable, from accepting or paying any Draft or any amount under any such Letter of Credit, except as a result of such person's gross negligence or wilful misconduct. The Borrower also agrees that the Lenders, the Operating Lender, the Fronting Lender and the Agent shall have no liability to it for any reason in respect of or in connection with any Letter of Credit, the issuance thereof, any payment thereunder or any other action taken by the Lenders, the Operating Lender, the Fronting Lender, the Agent or any other person in connection therewith, except as a result of such person's gross negligence or wilful misconduct.

(2) No Obligation to Inquire

The Borrower hereby acknowledges and confirms to the Lenders, the Operating Lender, the Fronting Lender and the Agent, as applicable, that such person shall not be obliged to make any inquiry or investigation as to the right of any beneficiary to make any claim or Draft or request any payment under a Letter of Credit and payment pursuant to a Letter of Credit shall not be withheld by reason of any matters in dispute between the beneficiary thereof and the Borrower. The sole obligation of the Lenders, the Operating Lender, the Fronting Lender and the Agent with respect to Letters of Credit is to cause to be paid a Draft drawn or purporting to be drawn in accordance with the terms of the applicable Letter of Credit and for such purpose the Lenders, the Operating Lender, the Fronting Lender and the Agent are only obliged to determine that the Draft purports to comply with the terms and conditions of the relevant Letter of Credit.

The Lenders, the Operating Lender, the Fronting Lender and the Agent shall not have any responsibility or liability for or any duty to inquire into the form, sufficiency (other than to the extent provided in the preceding paragraph), authorization, execution, signature, endorsement, correctness (other than to the extent provided in the preceding paragraph), genuineness or legal effect of any Draft, certificate or other document presented to it pursuant to a Letter of Credit and the Borrower unconditionally assumes all risks with respect to the same. The Borrower agrees that it assumes all risks of the acts or omissions of the beneficiary of any Letter of Credit with respect to the use by such beneficiary of the relevant Letter of Credit. The Borrower further agrees that neither the Lenders, the Operating Lender, the Fronting Lender or the Agent, nor

any of their respective officers, directors or correspondents will assume liability for, or be responsible for:

(a) the validity, correctness, genuineness or legal effect of any document or instrument relating to any Letter of Credit, even if such document or instrument should in fact prove to be in any respect invalid, insufficient, inaccurate, fraudulent or forged;

(b) the failure of any document or instrument to bear any reference or adequate reference to any Letter of Credit;

(c) any failure to note the amount of any Draft on any Letter of Credit or on any related document or instrument; any failure of the beneficiary of any Letter of Credit to meet the obligations of such beneficiary to the Borrower or any other person;

(d) any errors, inaccuracies, omissions, interruptions or delays in transmission or delivery of any messages, directions or correspondence by mail, facsimile or otherwise, whether or not they are in cipher;

(e) any inaccuracies in the translation of any messages, directions or correspondence or for errors in the interpretation of any technical terms; or

(f) any failure by the Lenders, the Operating Lender, the Fronting Lender or the Agent to make payment under any Letter of Credit as a result of any law, control or restriction rightfully or wrongfully exercised or imposed by any domestic or foreign court or government or Governmental Authority or as a result of any other cause beyond the control of such person or its officers, directors or correspondents.

(3) Obligations Unconditional

The obligations of the Borrower hereunder with respect to all Letters of Credit shall be absolute, unconditional and irrevocable and shall not be reduced by any event, circumstance or occurrence, including any lack of validity or enforceability of a Letter of Credit, or any Draft paid or acted upon by the Lenders, the Operating Lender, the Fronting Lender or the Agent or any of their respective correspondents being fraudulent, forged, invalid or insufficient in any respect (except with respect to their gross negligence or wilful misconduct or payment under a Letter of Credit other than in substantial compliance herewith), or any set-off, defenses, rights or claims which the Borrower may have against any beneficiary or transferee of any Letter of Credit. The obligations of the Borrower hereunder shall remain in full force and effect and shall apply to any alteration to or extension of the expiration date of any Letter of Credit or any Letter of Credit issued to replace, extend or alter any Letter of Credit.

(4) Other Actions

Any action, inaction or omission taken or suffered by the Lenders, the Operating Lender, the Fronting Lender, the Agent or by any of their respective correspondents under or in connection with a Letter of Credit or any Draft made thereunder, if in good faith and in conformity with foreign or domestic laws, regulation or customs applicable thereto shall be binding upon the Borrower and shall not place the Lenders, the Operating Lender, the Fronting Lender, the Agent or

any of their respective correspondents under any resulting liability to the Borrower. Without limiting the generality of the foregoing, the Lenders, the Operating Lender, the Fronting Lender, the Agent and their respective correspondents may receive, accept or pay as complying with the terms of a Letter of Credit, any Draft thereunder, otherwise in order which may be signed by, or issued to, the administrator or any executor of, or the trustee in bankruptcy of, or the receiver for any property of, or any person or entity acting as a representative or in the place of, such beneficiary or its successors and assigns. The Borrower covenants that it will not take any steps, issue any instructions to the Lenders, the Operating Lender, the Fronting Lender, the Agent or any of their respective correspondents or institute any proceedings intended to derogate from the right or ability of the Lenders, the Operating Lender, the Fronting Lender, the Agent or their respective correspondents to honour and pay any Letter of Credit or any Drafts.

(5) Payment of Contingent Liabilities

The Borrower shall pay to the Operating Lender or the Fronting Lender, as applicable, an amount equal to the maximum amount available to be drawn under any unexpired Letter of Credit which becomes the subject of any order, judgment, injunction or other such determination (an "**Order**"), or any petition, proceeding or other application for any Order by the Borrower or any other party, restricting payment under and in accordance with such Letter of Credit or extending the Lenders', the Operating Lender's, the Fronting Lender's and the Agent's liability, as the case may be, under such Letter of Credit beyond the expiration date stated therein; payment in respect of each such Letter of Credit shall be due forthwith upon demand in the currency in which such Letter of Credit is denominated.

Any amount paid to the Operating Lender or the Fronting Lender, as applicable, pursuant to the preceding paragraph shall be held by the Operating Lender or the Fronting Lender, as applicable, in interest bearing cash collateral accounts (with interest payable for the account of the Borrower at the rates and in accordance with the then prevailing practices of the Operating Lender or the Fronting Lender, as applicable, for accounts of such type) as continuing security for the Obligations and shall, prior to an Event of Default be applied by the Operating Lender or the Fronting Lender, as applicable, against the Obligations for, or (at the option of the Operating Lender or the Fronting Lender, as applicable) be applied in payment of, such Letter of Credit if payment is required thereunder; after an Event of Default the Operating Lender or the Fronting Lender, as applicable, may apply such amounts, firstly, against any Obligations in respect of the relevant Letter of Credit, and, after satisfaction of such Obligations or expiry of such Letter of Credit, against any other Obligations as it sees fit.

The Operating Lender and the Fronting Lender, as applicable, shall release to the Borrower any amount remaining in the cash collateral accounts after applying the amounts necessary to discharge the Obligations relating to such Letter of Credit, upon the later of:

(a) the date on which any final and non-appealable order, judgment or other determination has been rendered or issued either terminating any applicable Order or permanently enjoining the Operating Lender or the Fronting Lender, as applicable, from paying under such Letter of Credit;

(b) the earlier of:

(i) the date on which either the original counterpart of such Letter of Credit is returned to the Operating Lender or the Fronting Lender, as applicable, for cancellation or the Operating Lender or the Fronting Lender, as applicable, is released by the beneficiary thereof from any other obligation in respect of such Letter of Credit; and

(ii) the expiry of such Letter of Credit; and

(c) if an Event of Default has occurred, the payment and satisfaction of all Obligations and the cancellation or termination of the Credit Facilities.

(6) No Consequential Damages

Notwithstanding any other provision of the Documents to the contrary, the Lenders, the Operating Lender, the Fronting Lender and the Agent shall not be liable to the Borrower for any consequential, indirect, punitive or exemplary damages with respect to action taken or omitted to be taken by any of them under or in respect of any Letter of Credit.

(7) ISP 98

The International Standby Practices most recently published by the International Chamber of Commerce ("**ISP 98**") shall in all respects apply to each Letter of Credit unless expressly provided to the contrary therein and shall be deemed for such purpose to be a part of this Agreement as if fully incorporated herein. In the event of any conflict or inconsistency between ISP and the governing law of this Agreement, ISP 98 shall, to the extent permitted by applicable law, prevail to the extent necessary to remove the conflict or inconsistency.

7.10 Certain Notices with Respect to Letters of Credit.

(1) For certainty, all Rollover Notices requesting a Rollover of a Letter of Credit under the Operating Facility shall be delivered to the Operating Lender and, in addition to the other provisions hereof applicable to such a Rollover, no Rollover of a Letter of Credit issued under the Operating Facility shall be made unless a Rollover Notice is given to the Operating Lender.

(2) For certainty, all Rollover Notices requesting a Rollover of a Letter of Credit under the Syndicated Facility shall be delivered to the Agent (rather than directly to the Fronting Lender) and, in addition to the other provisions hereof applicable to such a Rollover, no Rollover of a Letter of Credit issued under the Syndicated Facility shall be made unless a Rollover Notice is given to the Agent in accordance with Section 2.7(1)(d).

7.11 Inapplicability of Fronting Mechanics and Fronting Fees

(1) At any time where there is only one (1) Lender under (which for the purposes of this Section, any Affiliate of a Lender will be deemed to be "One" Lender) the Syndicated Facility, the fronting mechanics set out in this Article 7 shall not apply to Letters of Credit issued under the Syndicated Facility and the mechanics applicable to Letters of Credit issued under the Operating

Facility shall apply, *mutadis mutandis*. For certainty, at any time where there is only one (1) Lender under the Syndicated Facility, no fronting fees shall be payable in connection with Letters of Credit issued under the Syndicated Facility.

(2) The parties hereto confirm and agree that, as of the date hereof, there are no Fronting Lenders and, until such time as a Syndicated Facility Lender has agreed to become a Fronting Lender and to issue Fronted LCs under the Syndicated Facility in accordance with the terms and conditions hereof, and an amendment hereto has been executed in connection therewith by the Borrower, the Agent and such Syndicated Facility Lender, notwithstanding any other provision hereof, Letters of Credit shall not be issued under the Syndicated Facility and the Borrower shall not request a Drawdown under the Syndicated Facility by way of issuance of Letters of Credit.

ARTICLE 8 - PLACE AND APPLICATION OF PAYMENTS

8.1 Place of Payment of Principal, Interest and Fees; Payments to Agent and the Operating Lender

All payments of principal, interest, fees and other amounts to be made by the Borrower to the Agent, the Operating Lender and the Lenders pursuant to this Agreement shall be made to the Agent (for the account of the applicable Lenders or its own account) or the Operating Lender, as applicable, in the currency in which the Loan is outstanding for value on the day such amount is due, and if such day is not a Banking Day on the Banking Day next following, by deposit or transfer thereof to the Agent's Accounts, or the applicable account of the Operating Lender or at such other place as the Borrower and the Agent or the Operating Lender, as applicable, may from time to time agree. Notwithstanding anything to the contrary expressed or implied in this Agreement, the receipt by the Agent, in accordance with this Agreement of any payment made by the Borrower for the account of any of the Syndicated Facility Lenders, shall, insofar as the Borrower's obligations to such Lenders are concerned, be deemed also to be receipt by such Lenders and the Borrower shall have no liability in respect of any failure or delay on the part of the Agent in disbursing and/or accounting to such Lenders in regard thereto.

8.2 Designated Accounts of the Lenders

All payments of principal, interest, fees or other amounts to be made by the Agent to the applicable Lenders pursuant to this Agreement shall be made for value on the day required hereunder, provided the Agent receives funds from the Borrower for value on such day, and if such funds are not so received from the Borrower or if such day is not a Banking Day, on the Banking Day next following, by deposit or transfer thereof at the time specified herein to the account of each applicable Lender designated by such Lender to the Agent for such purpose or to such other place or account as the applicable Lenders may from time to time notify the Agent.

8.3 Funds

Each amount advanced, disbursed or paid hereunder shall be advanced, disbursed or paid, as the case may be, in such form of funds as may from time to time be customarily used in Calgary, Alberta, Toronto, Ontario and New York, New York in the settlement of banking

transactions similar to the banking transactions required to give effect to the provisions of this Agreement on the day such advance, disbursement or payment is to be made.

8.4 Application of Payments

Except as otherwise agreed in writing by the Lenders, if any Event of Default shall occur and be continuing, all payments made by the Borrower to the Agent and the Lenders shall be applied in the following order:

(a) to amounts due hereunder as fees other than acceptance fees for Bankers' Acceptances or issuance fees for Letters of Credit;

(b) to amounts due hereunder as costs and expenses;

(c) to amounts due hereunder as default interest;

(d) to amounts due hereunder as interest or acceptance fees for Bankers' Acceptances or issuance fees for Letters of Credit; and

(e) to amounts due hereunder as principal (including reimbursement obligations in respect of Bankers' Acceptances and Letters of Credit).

8.5 Payments Clear of Taxes

(1) Any and all payments by the Borrower to the Agent or the Lenders hereunder shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future Taxes and all liabilities with respect thereto imposed, levied, collected, withheld or assessed by any Governmental Authority or under the laws of any international tax authority imposed on the Agent or the Lenders, or by or on behalf of the foregoing excluding any Taxes arising from a Lender's failure to properly comply with such Lender's obligations imposed under the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) or any similar provision of legislation of any other jurisdiction that has entered into an agreement with the United States of America to provide for the implementation of FATCA-based reporting in that jurisdiction (such excluded Taxes being referred to herein as "**Excluded Taxes**") (and, for greater certainty, nothing in this Section 8.5(1) shall make the Borrower liable for any Taxes imposed on or measured by the recipient's overall net income or capital). In addition, the Borrower agrees to pay any present or future stamp, transfer, registration, excise, issues, documentary or other Taxes, charges or similar levies which arise from any payment made under this Agreement or the Loans or in respect of the execution, delivery or registration or the compliance with this Agreement or the other Documents contemplated hereunder other than Taxes imposed on or measured by the recipient's overall net income or capital. The Borrower shall indemnify and hold harmless the Agent and the Lenders for the full amount of all of the foregoing Taxes or other amounts paid or payable by the Agents or the Lenders and any liability (including penalties, interest, additions to Tax and reasonable out-of-pocket expenses) resulting therefrom or with respect thereto which arise from any payment made under or pursuant to this Agreement or the Loans or in respect of the execution, delivery or registration of, or compliance with, this Agreement or the other Documents other than Excluded Taxes and any Taxes imposed on or measured by the recipient's overall net income or capital.

(2) If the Borrower shall be required by law to deduct or withhold any amount from any payment or other amount required to be paid to the Agent or the Lenders hereunder, or if any liability therefor shall be imposed or shall arise from or in respect of any sum payable hereunder, then the sum payable to the Agent or the Lenders hereunder shall be increased as may be necessary so that after making all required deductions, withholdings, and additional income Tax payments attributable thereto (including deductions, withholdings or income Tax payable for additional sums payable under this provision) the Agent or the Lenders, as the case may be, receive an amount equal to the amount they would have received had no such deductions or withholdings been made or if such additional Taxes had not been imposed; in addition, the Borrower shall pay the full amount deducted or withheld for such liabilities to the relevant taxation authority or other authority in accordance with applicable law, such payment to be made (if the liability is imposed on the Borrower) for its own account or (if the liability is imposed on the Agent or the Lenders) on behalf of and in the name of the Agent or the Lenders, as the case may be. If the liability is imposed on the Agent or the Lenders, the Borrower shall deliver to the Agent or the Lenders evidence satisfactory to the Agent or the Lenders, acting reasonably, of the payment to the relevant taxation authority or other authority of the full amount deducted or withheld.

(3) Each Lender shall use reasonable efforts to contest (to the extent contestation is reasonable) such imposition or assertion of such Taxes and shall reimburse to the Borrower the amount of any reduction of Taxes, to the extent of amounts that have been paid by the Borrower in respect of such Taxes in accordance with this Agreement, as a result of such contestation and, provided that, no Lender shall have any obligation to expend its own funds, suffer any economic hardship or take any action detrimental to its interests (as determined by the relevant Lender in its sole discretion, acting reasonably) in connection therewith unless it shall have received from the Borrower payment therefor or an indemnity with respect thereto, satisfactory to it.

(4) If a payment made to a Lender under any Document would be subject to U.S. federal withholding Tax imposed by FATCA or any Canadian-equivalent legislation, regulations or other guidance if such Lender were to fail to comply with the applicable reporting requirements of FATCA or any Canadian-equivalent legislation, regulations or other guidance (including those contained in Section 1471(b) or 1472(b) of the U.S. Code, as applicable), such Lender shall deliver to the Borrower and the Agent at the time or times prescribed by law and at such time or times requested by the Borrower or the Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the U.S. Code) and such additional documentation requested by the Borrower or the Agent as may be necessary for the Borrower and the Agent (and the Operating Lender, if applicable) to comply with their obligations under FATCA or any Canadian-equivalent legislation, regulations or other guidance and to determine that such Lender has complied with such Lender's obligations under FATCA or any Canadian-equivalent legislation, regulations or other guidance or to determine the amount to deduct and withhold from such payment. Each Lender shall promptly advise the Borrower and the Agent when it becomes aware of any non-compliance.

8.6 Set Off

(1) In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of an Event of Default which remains unremedied (whether or not the Loans have been accelerated hereunder), the Agent and each

Lender shall have the right (and are hereby authorized by the Borrower) at any time and from time to time to combine all or any of the Borrower's accounts with the Agent or the Lender, as the case may be, and to set off and to appropriate and to apply any and all deposits (general or special, term or demand) including, but not limited to, indebtedness evidenced by certificates of deposit whether matured or unmatured, and any other indebtedness at any time held by the Borrower or owing by such Lender or the Agent, as the case may be, to or for the credit or account of the Borrower against and towards the satisfaction of any Obligations owing by the Borrower, and may do so notwithstanding that the balances of such accounts and the liabilities are expressed in different currencies, and the Agent and each Lender are hereby authorized to effect any necessary currency conversions at the rate of exchange announced by the Bank of Canada at approximately the end of business (Toronto time) on the Banking Day before the day of conversion.

(2) The Agent or the applicable Lender, as the case may be, shall notify the Borrower of any such set off from the Borrower's accounts within a reasonable period of time thereafter, although the Agent or the Lender, as the case may be, shall not be liable to the Borrower for its failure to so notify.

8.7 Margin Changes; Adjustments for Margin Changes

(1) Changes in the Applicable Pricing Rate shall be effective:

(a) (i) with respect to Compliance Certificates delivered in connection with the Quarter Ends March 31, June 30 and September 30, from and as of the first Banking Day of the third month following such Quarter End in respect of which a change in the Funded Debt to EBITDA Ratio as at such Quarter End results in a change in the Applicable Pricing Rate in accordance with the provisions of such definition and (ii) with respect to Compliance Certificates delivered in connection with the Quarter End December 31, from and as of the earlier of (A) the fifth Banking Day following delivery of such Compliance Certificate and (B) 95 days following such Quarter End in respect of which a change in the Funded Debt to EBITDA Ratio as at such Quarter End results in a change in the Applicable Pricing Rate in accordance with the provisions of such definition;

(b) (i) with respect to Compliance Certificates delivered in connection with the Quarter Ends March 31, June 30 and September 30, from and as of the first Banking Day of the third month following such Quarter End in respect of which a change in the Total Debt to EBITDA Ratio as at such Quarter End results in a change in the Applicable Pricing Rate in accordance with the provisions of such definition and (ii) with respect to Compliance Certificates delivered in connection with the Quarter End December 31, from and as of the earlier of (A) the fifth Banking Day following delivery of such Compliance Certificate and (B) 95 days following such Quarter End in respect of which a change in the Total Debt to EBITDA Ratio as at such Quarter End results in a change in the Applicable Pricing Rate in accordance with the provisions of such definition; and

(c) without the necessity of notice to the Borrower.

(2) For any Loans outstanding as of the effective date of a change in an Applicable Pricing Rate:

(a) in the case of increases in such rates per annum, the Borrower shall pay to the Agent for the account of the Lenders or the Operating Lender, as applicable, such additional interest or fees, as the case may be, as may be required to give effect to the relevant increases in the interest or fees payable on or in respect of such Loans from and as of the effective date of the relevant increase in rates; and

(b) in the case of decreases in such rates per annum, the Borrower shall receive a credit against subsequent interest payable on Loans or fees payable pursuant to Section 5.6 or Section 6.2, as the case may be, to the extent necessary to give effect to the relevant decreases in the interest or fees payable on or in respect of such Loans from and as of the effective date of the relevant decrease in rates.

(3) The additional payments required by Section 8.7(2)(a) shall be made on the first Banking Day of the calendar month immediately following the calendar month in which the changes in the Applicable Pricing Rate are effective. The adjustments required by Section 8.7(2)(b) shall be accounted for in successive interest and fee payments by the Borrower until the amount of the credit therein contemplated has been fully applied; provided that, upon satisfaction in full of all Obligations and cancellation of all Credit Facilities in accordance herewith, the Lenders shall pay to the Borrower an amount equal to any such credit which remains outstanding.

(4) Notwithstanding the foregoing provisions of this Section 8.7, if the Borrower has failed to deliver a Compliance Certificate for the immediately preceding fiscal quarter in accordance with the provisions hereof, then the Funded Debt to EBITDA Ratio shall be deemed to be greater than 2.50:1.00 for the purposes of determining the Applicable Pricing Rate until the Borrower has remedied such failure and delivered such Compliance Certificate (and, from and after such delivery, the Applicable Pricing Rate shall be based upon the Funded Debt to EBITDA Ratio set forth in such Compliance Certificate for the remainder of the period until the next such Compliance Certificate is required to be delivered hereunder).

ARTICLE 9 - REPRESENTATIONS AND WARRANTIES

9.1 Representations and Warranties

The Borrower represents and warrants as follows to the Agent and to each of the Lenders and acknowledges and confirms that the Agent and each of the Lenders is relying upon such representations and warranties:

(a) Existence and Good Standing

The Borrower and each of its Material Subsidiaries is a corporation validly existing and in good standing under the laws of its jurisdiction of incorporation or is a partnership or trust validly existing under the laws of its jurisdiction of organization; each is duly registered in all other jurisdictions where the nature of its property or character of its business requires registration, except for jurisdictions

where the failure to be so registered or qualified would not have a Material Adverse Effect, and has all necessary power and authority to own its properties and carry on its business as presently carried on or as contemplated by the Documents.

(b) Authority

The Borrower and each of its Material Subsidiaries which is a party to any of the Documents has full power, legal right and authority to enter into the Documents to which it is a party and do all such acts and things as are required by such Documents to be done, observed or performed, in accordance with the terms thereof.

(c) Valid Authorization and Execution

The Borrower and each of its Material Subsidiaries which is a party to any of the Documents has taken all necessary corporate, partnership, trust and other action (as applicable) of its directors, shareholders, partners, trustees and other persons (as applicable) to authorize the execution, delivery and performance of the Documents to which it is a party and to observe and perform the provisions thereof in accordance with the terms therein contained.

(d) Validity of Agreement – Non-Conflict

None of the authorization, execution or delivery of this Agreement or the other Documents or performance of any obligation pursuant hereto or thereto requires or will require, pursuant to applicable law now in effect, any approval or consent of any Governmental Authority having jurisdiction (except such as has already been obtained and are in full force and effect) nor is in conflict with or contravention of (i) the Borrower's or any of its Material Subsidiaries' articles, by-laws or other constating documents or any resolutions of directors or shareholders or the provisions of its partnership agreement or declaration of trust or trust indenture (as applicable) or (ii) the provisions of any other indenture, instrument, undertaking or other agreement to which any of the Borrower or any of its Material Subsidiaries is a party or by which they or their properties or assets are bound, the contravention of which would have or would reasonably be expected to have a Material Adverse Effect. The Documents when executed and delivered will constitute valid and legally binding obligations of each of the Borrower and each of its Material Subsidiaries which is a party thereto enforceable against each such party in accordance with their respective terms, subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforceability of creditors' rights and to the fact that equitable remedies are only available in the discretion of the court.

(e) Ownership of Property

The Borrower and each of its Material Subsidiaries which has granted Security has good and marketable title to its property, assets and undertaking, subject to Permitted Encumbrances and to minor defects of title which, individually and in the

aggregate, do not materially affect their respective rights of ownership therein or the value thereof.

(f) Debt

Neither the Borrower nor any of its Subsidiaries has created, incurred, assumed, suffered to exist, or entered into any contract, instrument or undertaking pursuant to which, the Borrower or any of its Subsidiaries is now or may hereafter become liable for any Total Debt except for Permitted Debt.

(g) Encumbrances

Neither the Borrower nor any of its Material Subsidiaries has created, incurred, assumed, suffered to exist, or entered into any contract, instrument or undertaking pursuant to which, any person may have or be entitled to any Security Interest on or in respect of its property and assets or any part thereof except for Permitted Encumbrances.

(h) No Material Adverse Change

No Material Adverse Change has occurred.

(i) No Omissions

The Borrower and each of its Subsidiaries has made available to the Agent all material information necessary to make any representations, warranties and statements contained in this Agreement not misleading in any material respect in light of the circumstances in which they are given.

(j) Non-Default

No Default or Event of Default has occurred or is continuing or would occur following any Drawdown hereunder.

(k) Financial Condition

(i) The audited and unaudited consolidated financial statements of the Borrower delivered to the Lenders and the Agent pursuant hereto present fairly, in all material respects, the consolidated financial condition of the Borrower as at the date thereof and the results of the consolidated operations thereof for the fiscal year or fiscal quarter (as applicable) then ending, all in accordance with generally accepted accounting principles consistently applied.

(ii) Except as has been disclosed to the Agent by written notice in accordance with the provisions of this Agreement, no filing is imminent of a report of a material change as required to be filed by the Borrower or any Subsidiary with any securities commission or exchange or with any Governmental

Authority having jurisdiction over the issuance and sale of securities of the Borrower or any Subsidiary and which material change would have or would reasonably be expected to have a Material Adverse Effect.

(l) Information Provided

All information, materials and documents, including all cash flow projections, economic models, capital and operating budgets and other information and data:

(i) prepared and provided to the Agent by the Borrower or any Subsidiary in respect of the transactions contemplated by this Agreement, or as required by the terms of this Agreement, were in the case of financial projections, prepared in good faith based upon reasonable assumptions at the date of preparation and in all other cases, true, complete and correct in all material respects as of the respective dates thereof; and

(ii) prepared by persons other than the Borrower or a Subsidiary and provided to the Agent by or on behalf of the Borrower or any Subsidiary in respect of the transactions contemplated by this Agreement, or as required by the terms of this Agreement, were, to the best of the knowledge of the Borrower, after due inquiry, in the case of financial projections, prepared in good faith based upon reasonable assumptions at the date of preparation and in all other cases, true, complete and correct in all material respects as of the respective dates thereof.

(m) Absence of Litigation

Except for the Disclosed Litigation Matters, there are no actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Material Subsidiaries, their property or any of their undertakings and assets, at law, in equity or before any arbitrator or before or by any Governmental Authority having jurisdiction in the premises in respect of which there is a reasonable likelihood of a determination adverse to the Borrower or any Material Subsidiary and which, if determined adversely, would have or would reasonably be expected to have a Material Adverse Effect.

(n) Compliance with Applicable Laws, Court Orders and Agreements

The Borrower and each of its Material Subsidiaries and their respective property, businesses and operations are in compliance with all Applicable Laws (including, without limitation, all applicable Environmental Laws), all applicable directives, judgments, decrees, injunctions and orders rendered by any Governmental Authority or court of competent jurisdiction, its articles, by laws and other constating documents, all agreements or instruments to which it is a party or by which its property or assets are bound, and any employee benefit plans, except to the extent that failure to so comply would not have and would not reasonably be expected to have a Material Adverse Effect.

(o) Required Permits in Effect

All Required Permits for the Borrower and all Material Subsidiaries are in full force and effect, except to the extent that the failure to have or maintain the same in full force and effect would not, when taken in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

(p) Remittances Up to Date

All of the material remittances required to be made by the Borrower and its Material Subsidiaries to Governmental Authorities have been made, are currently up to date and there are no outstanding arrears, other than those which are being contested by a Permitted Contest.

(q) Environmental

(i) To the best of the knowledge and belief of the Borrower, after due inquiry, the Borrower, its Subsidiaries and their respective properties, assets and undertakings taken as a whole comply in all respects and the businesses, activities and operations of same and the use of such properties, assets and undertakings and the processes and undertakings performed thereon comply in all respects with all Environmental Laws except to the extent that failure to so comply would not have and would not reasonably be expected to have a Material Adverse Effect; further, the Borrower does not know, and has no reasonable grounds to know, of any facts which result in or constitute or are likely to give rise to non-compliance with any Environmental Laws, which facts or non-compliance have or would reasonably be expected to have a Material Adverse Effect.

(ii) The Borrower and its Subsidiaries have not received written notice and, except as previously disclosed to the Agent in writing, the Borrower has no knowledge after due inquiry, of any facts which could give rise to any notice of non-compliance with any Environmental Laws, which non-compliance has or would reasonably be expected to have a Material Adverse Effect and neither the Borrower nor any Subsidiary has received any notice that the Borrower or any of its Subsidiaries is a potentially responsible party for a federal, provincial, regional, municipal or local clean up or corrective action in connection with their respective properties, assets and undertakings where such clean up or corrective action has or would reasonably be expected to have a Material Adverse Effect.

(r) Taxes

The Borrower and each of its Material Subsidiaries has duly filed on a timely basis all tax returns required to be filed and have paid all material Taxes which are due and payable, and have paid all material assessments and reassessments, and all other material Taxes, governmental charges, governmental royalties, penalties, interest and fines claimed against them, other than those which are being contested

by them by Permitted Contest; they have made adequate provision for, and all required instalment payments have been made in respect of, Taxes payable for the current period for which returns are not yet required to be filed; there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return by them or the payment of any Taxes; there are no actions or proceedings being taken by any taxation authority in any jurisdictions where the Borrower or any Subsidiary carries on business to enforce the payment of any Taxes by them other than those which are being contested by them by Permitted Contest.

(s) Material Subsidiaries

As at the date hereof, the only Material Subsidiaries of the Borrower are Calfrac U.S. and Calfrac LP.

(t) Ownership of Calfrac U.S.

As at the date hereof, the Borrower owns 100% of the issued and outstanding shares of Calfrac U.S.

(u) Intellectual Property

The Borrower and its Subsidiaries have or have the legal right to use all Intellectual Property necessary for the operation and conduct of their business, affairs, operations and processes, except to the extent that the failure to have the same would not have or reasonably be expected to have a Material Adverse Effect and, to the best of their knowledge and belief, no person has asserted any claim or taken any step or proceedings to prohibit or limit the use of such Intellectual Property by the Borrower and its Subsidiaries, in respect of which claim, step or proceedings there is a reasonable likelihood of a determination adverse to the Borrower or any Subsidiary and which, if determined adversely, would have or would reasonably be expected to have a Material Adverse Effect.

(v) Insurance

The Borrower and each Subsidiary maintains, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses and against such casualties and contingencies and in such types and amounts as are in accordance with customary business practices for corporations of the size and type of business and operations as the Borrower and each such Subsidiary, to the extent such insurance is available on reasonable commercial terms, provided that the Borrower and the Material Subsidiaries may elect to self-insure where the Borrower, acting reasonably, determines that self-insurance is appropriate and in accordance with sound industry practice.

(w) Sanctions Laws and Anti-Money Laundering Laws

(i) Neither the Borrower nor any of its Subsidiaries is in breach of or is the subject of any action or, to its knowledge, any investigation under any Anti-Money Laundering Laws. The Borrower and its Subsidiaries have taken reasonable measures to ensure compliance in all material respects with Anti-Money Laundering Laws.

(ii) Neither the Borrower nor any of its Subsidiaries nor, to the knowledge of the Borrower, any director, officer, agent or employee of the Borrower or any of its Subsidiaries (i) is a Sanctioned Person, (ii) has any business affiliation or commercial dealings with a Sanctioned Person to the extent such business affiliation or commercial dealings breaches Sanctions Laws or (iii) is in breach of or, to its knowledge, the subject of any action or investigation under, any Sanctions Laws. Neither the Borrower nor any of its Subsidiaries has knowingly engaged in any dealings or transactions with or in a country or territory in violation of any Sanctions Laws, in the preceding three years.

(iii) No proceeds from any Loan have been used, directly or, to its knowledge, indirectly, to lend, contribute, provide, or have otherwise been made available to fund, any activity or business with or related to any Sanctioned Person in breach of Sanctions Laws, or in any other manner that will result in any violation or breach by the Borrower or any of its Subsidiaries of Sanctions Laws.

(x) Pension Plans

The Borrower and the Material Subsidiaries do not have, and do not contribute to, any employee pension benefit plans or similar type pension plans.

(y) *Interest Act* (Canada)

This Agreement, including, without limitation, Article 5 hereof, and the constituent definitions herein and under the other Documents relating to interest and other amounts payable hereunder and thereunder, satisfies the requirements of section 4 of the *Interest Act* (Canada) to the extent that such section 4 of the Interest Act (Canada) applies to the expression, statement or calculation of any rate of interest or other rate per annum hereunder or under any other Document and the Borrower confirms that it fully understands and is able to calculate the rate of interest applicable to the Credit Facilities based on the methodology for calculating per annum rates provided for in this Agreement.

9.2 Deemed Repetition

On the date of delivery by the Borrower of a Drawdown Notice to the Agent or the Operating Lender, as applicable, and again on the date of any Drawdown made by the Borrower pursuant thereto:

(a) except those representations and warranties which are stated to be made as at a specific date or which the Borrower has notified the Agent in writing cannot be repeated for such Drawdown and in respect of which the applicable Lenders have waived in writing (with or without terms or conditions) the application of the condition precedent in Section 3.1(b) for such Drawdown, each of the representations and warranties contained in Section 9.1 shall be deemed to be repeated; and

(b) the Borrower shall be deemed to have represented to the Agent and the Lenders that, except as has otherwise been notified to the Agent in writing and has been waived in accordance herewith, no event has occurred and remains outstanding which would constitute a Default or an Event of Default nor will any such event occur as a result of the aforementioned Drawdown.

9.3 Other Documents

All representations, warranties and statements of the Borrower or any Subsidiary contained in any other Document delivered pursuant hereto or thereto shall be deemed to constitute representations and warranties made by the Borrower to the Agent and the Lenders under Section 9.1 of this Agreement.

9.4 Effective Time of Repetition

All representations and warranties, when repeated or deemed to be repeated hereunder, shall be construed with reference to the facts and circumstances existing at the time of repetition, unless they are stated herein to be made as at the date hereof or as at another date.

9.5 Nature of Representations and Warranties

The representations and warranties set out in this Agreement or deemed to be made pursuant hereto shall survive the execution and delivery of this Agreement and the making of each Drawdown, notwithstanding any investigations or examinations which may be made by the Agent, the Lenders or Lenders' Counsel. Such representations and warranties shall survive until this Agreement has been terminated, provided that the representations and warranties relating to environmental matters shall survive the termination of this Agreement.

ARTICLE 10 - GENERAL COVENANTS

10.1 Affirmative Covenants of the Borrower

So long as any Obligation is outstanding or either Credit Facility is available hereunder, the Borrower covenants and agrees with each of the Lenders and the Agent that, unless (subject to Section 16.10) a Majority of the Lenders otherwise consent in writing:

(a) Punctual Payment and Performance

It shall duly and punctually pay the principal of all Loans, all interest thereon and all fees and other amounts required to be paid by the Borrower hereunder in the manner specified hereunder and the Borrower shall perform and observe all of its obligations under this Agreement and under any other Document to which it is a party and shall cause each of its Material Subsidiaries to perform and observe all of their obligations under any Documents to which each is a party.

(b) Books and Records

It shall, and shall cause each of its Subsidiaries, to keep proper books of record and account in which complete and correct entries will be made of its transactions in accordance with generally accepted accounting principles.

(c) Maintenance and Operation

It shall do or cause to be done, and will cause each Subsidiary to do or cause to be done, all things necessary or required to have all its properties, assets and operations owned, operated and maintained in accordance with diligent and prudent industry practice and Applicable Laws except to the extent that the failure to do or cause to be done the same would not have and would not reasonably be expected to have a Material Adverse Effect, and at all times cause the same to be owned, operated, maintained and used in compliance with all terms of any applicable insurance policy.

(d) Maintain Existence; Compliance with Legislation Generally; Required Permits

Except as otherwise permitted by Section 10.2(c) and 10.2(j), the Borrower shall, and shall cause each of its Material Subsidiaries, to preserve and maintain its corporate, partnership or trust existence (as the case may be) as a corporation, partnership or trust existing under the laws of its applicable jurisdiction of organization. The Borrower shall do or cause to be done, and shall cause its Material Subsidiaries to do or cause to be done, all acts necessary or desirable to comply with all Applicable Laws, except (other than in the case of laws relating to corruption and bribery) where such failure to comply does not and would not reasonably be expected to have a Material Adverse Effect, and to preserve and keep in full force and effect all Required Permits and all other franchises, licences, rights, privileges, permits and Governmental Authorizations necessary to enable the Borrower and each of its Material Subsidiaries to operate and conduct their

respective businesses in accordance with prudent industry practice, except to the extent that the failure to have any of the same does not and would not reasonably be expected to have a Material Adverse Effect.

(e) Budgets, Financial Statements and Other Information

The Borrower shall deliver to the Agent with sufficient copies for each of the Lenders:

(i) Annual Business Plan / Capital and Operating Budgets - as soon as available and, in any event, within 90 days after the end of each of its fiscal years, copies of (A) its annual business plan for the next fiscal year, including *pro forma* consolidated financial statements for the Borrower prepared on a quarterly basis for such period (including a *pro forma* balance sheet, *pro forma* statement of operations and *pro forma* statement of cash flows), (B) its annual consolidated capital budget (which segregates those capital expenditures attributed to maintenance and to growth) for the next fiscal year and (C) its annual operating budget for the next fiscal year (approved by its board of directors);

(ii) Annual Financials - as soon as available and, in any event, within 90 days after the end of each of its fiscal years, copies of the Borrower's audited annual financial statements on a consolidated basis consisting of a balance sheet, statement of operations, statement of comprehensive income, statement of cash flows and statement of changes in equity for each such year, together with the notes thereto in the case of the audited annual financial statements, all prepared in accordance with generally accepted accounting principles consistently applied, together with a report and an audit opinion of the Borrower's auditors thereon in the case of audited annual financial statements of the Borrower; provided that, notwithstanding the foregoing;

(iii) Quarterly Financials - as soon as available and, in any event within 45 days after the end of each of its first, second and third fiscal quarters, copies of each of the Borrower's unaudited quarterly financial statements on a consolidated basis, in each case consisting of a balance sheet, statement of operations, statement of comprehensive income, statement of cash flows and statement of changes in equity for each such period all in reasonable detail and stating in comparative form the figures for the corresponding date and period in the previous fiscal year, all prepared in accordance with generally accepted accounting principles consistently applied;

(iv) Compliance Certificate - concurrently with furnishing the financial statements pursuant to Sections 10.1(e)(ii) and (iii), a Compliance Certificate (including a report on the status of all outstanding Financial Instruments) signed by any one of the president, chief financial officer, vice president finance or treasurer of the Borrower and stating that, *inter alia*,

the representations and warranties in Section 9.1 are true and accurate in all respects (or, if applicable, specifying those that are not), that no Default or Event of Default has occurred and is continuing (or, if applicable, specifying those defaults or events notified in accordance with Section 10.1(h) below) and demonstrating compliance with all covenants contained herein including the financial covenants contained in Section 10.3;

(v) Borrowing Base Certificate - within 30 days of each calendar month end, a Borrowing Base Certificate for (and as of the end of) the immediately preceding calendar month; and

(vi) Other - at the request of the Agent or any Lender, such other information, reports, certificates, projections of income and cash flow or other matters affecting the business, affairs, financial condition, property or assets of the Borrower or its Subsidiaries as the Agent or any Lender may reasonably request.

(f) Rights of Inspection

At any reasonable time and from time to time upon reasonable prior notice, the Borrower shall permit, and shall cause its Material Subsidiaries to permit, the Agent and any Lender or any representative thereof (at the expense of the Borrower during the continuance of a Default or Event of Default and, otherwise, at the expense of the Agent or such Lender, as applicable) to (i) examine and make copies of and abstracts from the records and books of account of the Borrower or any of its Material Subsidiaries, (ii) visit and inspect the premises and properties of the Borrower or any of its Material Subsidiaries (in each case at the risk of the Borrower, except for the gross negligence or wilful misconduct of the inspecting party or the failure of any such inspecting party to comply with Applicable Law and the Borrower's or any such Material Subsidiary's health and safety requirements, as advised to such inspecting party), and (iii) discuss the affairs, operations, finances and accounts of the Borrower or any of its Material Subsidiaries with any of the officers of the Borrower or any of its Material Subsidiaries.

(g) Notice of Material Litigation

The Borrower shall promptly give written notice to the Agent of any litigation, proceeding or dispute affecting the Borrower or any of its Material Subsidiaries in respect of a demand or claim in respect of which there is a reasonable likelihood of an adverse determination and which if adversely determined would reasonably be expected to result in a liability, obligation or judgment in excess of Cdn.$20,000,000 or to have a Material Adverse Effect, and shall from time to time furnish to the Agent all reasonable information requested by the Agent concerning the status of any such litigation, proceeding or dispute.

(h) Notice of Default or Event of Default

The Borrower shall deliver to the Agent, as soon as reasonably practicable, and in any event no later than 3 Banking Days after becoming aware of a Default or the occurrence of an Event of Default, an Officer's Certificate describing in detail such Default or such Event of Default and specifying the steps, if any, being taken to cure or remedy the same.

(i) Notice of Material Adverse Effect or Material Adverse Change

The Borrower shall, as soon as reasonably practicable, promptly notify the Agent of:

(i) any event, circumstance or condition that has had or is reasonably likely to have a Material Adverse Effect; and

(ii) any Material Adverse Change.

(j) Securities Disclosure

The Borrower shall promptly furnish to the Agent copies of all reports, material change reports, notices and other non-confidential information that the Borrower is required by applicable law to file with any securities commission or stock exchange, furnish to its shareholders or publicly disclose (whether by way by advertisement or otherwise), except for insider reports and other filings which are of an administrative nature and do not contain any material information with respect to the business, affairs or financial condition of the Borrower and its Subsidiaries. The Borrower shall be deemed to have satisfied its obligations under this Section 10.1(j) if and to the extent the registration materials, material change reports, circulars, reports, notices and other information, as the case may be, shall have been filed with the Canadian Securities Administrators (and are accessible to the Agent) in the SEDAR filing system at www.sedar.com, and the Borrower shall have notified the Agent of such filing.

(k) Payment of Royalties, Taxes, Withholdings, etc.

The Borrower shall, and shall cause its Material Subsidiaries to, from time to time pay or cause to be paid all material royalties, rents, Taxes, rates, levies or assessments, ordinary or extraordinary, governmental fees or dues, and to make and remit all withholdings, lawfully levied, assessed or imposed upon the Borrower and its Material Subsidiaries or any of the assets of the Borrower and its Material Subsidiaries, as and when the same become due and payable, except when and so long as the validity of any such royalties, rents, Taxes, rates, levies, assessments, fees, dues or withholdings is being contested by the Borrower or its Material Subsidiaries by a Permitted Contest.

(l) Payment of Preferred Claims

The Borrower shall, and shall cause its Material Subsidiaries to, from time to time pay when due or cause to be paid when due all amounts related to wages, workers' compensation obligations, government royalties or pension fund obligations and any other amount which may result in a lien, charge, Security Interest or similar encumbrance against the assets of the Borrower or such Material Subsidiary arising under statute or regulation, except when and so long as the validity of any such amounts or other obligations is being contested by the Borrower or its Material Subsidiaries by a Permitted Contest.

(m) Environmental Covenants

(i) Without limiting the generality of Section 10.1(d) above, the Borrower shall, and shall cause its Subsidiaries to, conduct their business and operations so as to comply at all times with all Environmental Laws if the consequence of a failure to comply, either alone or in conjunction with any other such non compliances, would have or would reasonably be expected to have a Material Adverse Effect.

(ii) If the Borrower or its Subsidiaries shall:

(A) receive or give any notice that a violation of any Environmental Law has or may have been committed or is about to be committed by the same, and if such violation has or would reasonably be expected to have a Material Adverse Effect or a liability to the Borrower and its Subsidiaries in excess of Cdn.$10,000,000;

(B) receive any notice that a complaint, proceeding or order has been filed or is about to be filed against the same alleging a violation of any Environmental Law, and if such violation would reasonably be expected to have a Material Adverse Effect or a liability to the Borrower and its Subsidiaries in excess of Cdn.$10,000,000; or

(C) receive any notice requiring the Borrower or a Subsidiary, as the case may be, to take any action in connection with the release of Hazardous Materials into the environment or alleging that the Borrower or the Subsidiary may be liable or responsible for costs associated with a response to or to clean up a Release of Hazardous Materials into the environment or any damages caused thereby in excess of Cdn.$10,000,000, or if such action or liability has or would reasonably be expected to have a Material Adverse Effect,

the Borrower shall promptly provide the Agent with a copy of such notice and shall, or shall cause such Subsidiary to, furnish to the Agent from time to time all reasonable information requested by the Agent relating to the same.

(n) Use of Loans

The Borrower shall use all Loans and the proceeds thereof solely for the purposes set forth in Section 2.3 hereof.

(o) Required Insurance

The Borrower shall, and shall cause its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and business and against such casualties and contingencies and in such types and such amounts as shall be in accordance with customary business practices for corporations of the size and type of business and operations as the Borrower and its Subsidiaries, to the extent such insurance is available on reasonable commercial terms, provided that the Borrower and the Material Subsidiaries may elect to self-insure where the Borrower, acting reasonably, determines that self-insurance is appropriate and in accordance with sound industry practice.

(p) Ownership of Consolidated Net Tangible Assets

The Borrower shall ensure, at each Quarter End, the Borrower and its Material Subsidiaries directly own not less than 70% of Consolidated Net Tangible Assets excluding their investments in any Subsidiary.

(q) Location of Assets

The Borrower shall ensure that, at all times, property, plant and equipment (including property, plant and equipment under construction) owned by the Borrower or any Subsidiary which has granted Security in favour of the Agent on behalf of the Lenders and the Hedging Affiliates in accordance with the requirements of this Agreement, that is valued (based on the values used by the Borrower in its financial statements) at not less than Cdn.$600,000,000 in the aggregate is located in Canada and the United States of America, provided that:

(i) for greater certainty, property, plant and equipment owned by the Borrower or any such Subsidiary which has granted Security which is located in the United States of America consisting of Titled Assets and real estate located in the United States of America shall be included in such calculation of property, plant and equipment; and

(ii) the net book value of any property, plant and equipment of the Borrower or any Subsidiary which has granted Security in favour of the Agent on behalf of the Lenders and the Hedging Affiliates which are subject to Permitted Encumbrances described in paragraphs (p) and (q) of the definition of Permitted Encumbrances shall be deducted from the value of such property, plant and equipment.

(r) Sanctions Laws and Anti-Money Laundering Laws

(i) The Borrower shall ensure that it and its Subsidiaries shall comply with Anti-Money Laundering Laws. The Borrower shall, and shall cause its Subsidiaries to, use commercially reasonable efforts to ensure that no funds used to pay the Obligations are derived from any unlawful activity, including but not limited to, activity in material violation of Anti-Money Laundering Laws or Sanctions Laws.

(ii) The Borrower shall ensure that (i) it, and each of its Subsidiaries, shall comply with Sanctions Laws (ii) neither it nor its Subsidiaries shall become a Sanctioned Person and (iii) no proceeds from any Loan will be used, directly or, to its knowledge, indirectly, to lend, contribute, provide or otherwise be made available to fund, any activity or business with or related to any Sanctioned Person in violation of Sanctions Laws or in any other manner that will result in any violation or breach by the Borrower or its Subsidiaries of Sanctions Laws.

(iii) Notwithstanding anything else contained herein, the parties acknowledge and agree that the Borrower and its Subsidiaries conduct business in Russia and that such business shall not in itself constitute a default under the Credit Agreement whether or not Russia becomes subject to sanctions; provided, for certainty, that any specific breach of an express condition contained herein shall constitute a default under the Credit Agreement.

(s) Borrowing Base

The Borrower shall not permit, at any time, the Outstanding Principal to exceed the Borrowing Base in effect.

(t) Keepwell

The Borrower shall, and shall ensure that, to the extent any Subsidiary which has provided Security is a Qualified ECP Guarantor, such Subsidiary shall, hereby absolutely, unconditionally and irrevocably undertake to provide such funds or other support as may be needed from time to time by any Subsidiary or Affiliate of the Borrower (that provides a Guarantee to the Agent, the Lenders, the Bank Product Affiliates and the Hedging Affiliates) to honour all of its obligations under its Guarantee in respect of Swap Obligations (provided, however, that the Borrower or such Subsidiary shall only be liable under this undertaking for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this undertaking, or otherwise under the Documents to which it is a party, voidable under Applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of the Borrower and such Subsidiaries under this undertaking shall remain in full force and effect until discharged in accordance with the provisions of the relevant Document. The Borrower intends that this Section and undertaking provided for

shall constitute, and shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each Subsidiary or Affiliate of the Borrower (that provides a Guarantee to the Agent, the Lenders, the Bank Product Affiliates and the Hedging Affiliates) for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

10.2 Negative Covenants of the Borrower

So long as any Obligation is outstanding or either Credit Facility is available hereunder, the Borrower covenants and agrees with each of the Lenders and the Agent that, unless (subject to Section 16.10) a Majority of the Lenders otherwise consent in writing:

(a) Change of Business

The Borrower shall not, and shall not permit any Material Subsidiary to, change in any material respect the nature of its business or operations from the types of businesses and operations carried on by the Borrower and its Subsidiaries taken as a whole on the date hereof.

(b) Negative Pledge

The Borrower shall not, nor shall it permit any Material Subsidiary to, create, issue, incur, assume or permit to exist any Security Interests on any of their property, undertakings or assets other than Permitted Encumbrances.

(c) No Dissolution

The Borrower shall not, nor shall it permit any Material Subsidiary to, liquidate, dissolve or wind up or take any steps or proceedings in connection therewith except, in the case of Subsidiaries, where the successor thereto or transferee thereof is the Borrower or another Wholly-Owned Material Subsidiary of the Borrower.

(d) Limit on Sale of Assets

Except for Permitted Dispositions, the Borrower shall not, and shall not permit any Material Subsidiary to, sell, transfer or otherwise dispose of any of their respective property or assets. Notwithstanding the foregoing, the Borrower shall not, and shall not permit any Material Subsidiary to sell, transfer or otherwise dispose of any of their respective property or assets during the continuance of a Default or Event of Default or if a Default or Event of Default would arise as a result of such sale, transfer or disposition.

(e) Limitation on Debt

The Borrower shall not have or incur, or permit any Subsidiary thereof to have or incur, any Total Debt other than Permitted Debt.

(f) Limit on Financial Assistance and Investments

(i) Subject to Section 10.2(f)(ii) below, the Borrower shall not, nor shall it, permit any Subsidiary to, provide any Financial Assistance in an amount in excess, in the aggregate, in any calendar year, of Cdn.$20,000,000 to any person, other than (i) Financial Assistance to or for the benefit of the Borrower or a Subsidiary (including, for certainty, guarantees of the outstanding 2018 Senior Unsecured Notes and the Additional Permitted Debt by the Borrower, Calfrac U.S. and any other Subsidiary which has guaranteed the Credit Facilities), (ii) Financial Assistance permitted pursuant to Section 10.2(f)(ii)(B) below and (iii) Financial Assistance outstanding on the date hereof;

(ii) Notwithstanding subparagraph (i) above, if the Borrower has delivered a Compliance Certificate certifying that the Total Debt to EBITDA Ratio exceeds 5.00:1.00 (and until such time as the Borrower delivers a Compliance Certificate certifying that the Total Debt to EBITDA Ratio does not exceed 5.00:1.00):

(A) the Borrower shall not be permitted to, nor shall it permit any Subsidiary to, provide any Financial Assistance (except as expressly permitted by Section 10.2(f)(ii)(B) below for Financial Assistance which is also an Investment) to any person in an amount in excess, in the aggregate (less the amount of any Investments made under and in compliance with the threshold provided for in Section 10.2(f)(ii)(B) below), in any calendar year, of Cdn.$10,000,000 other than (a) Financial Assistance to or for the benefit of the Borrower or a Subsidiary (including, for certainty, guarantees of the outstanding 2018 Senior Unsecured Notes and the Additional Permitted Debt by the Borrower, Calfrac U.S. and any other Subsidiary which has guaranteed the Credit Facilities) and (b) Financial Assistance outstanding on the date hereof; and

(B) the Borrower shall not be permitted to, nor shall it permit any Subsidiary to, make any Investments in any person in an amount in excess, in the aggregate, (less the amount of any Financial Assistance made under and in compliance with the threshold provided for in Section 10.2(f)(ii)(A) above), in any calendar year, of Cdn.$10,000,000, other than (a) Investments in the Borrower or a Subsidiary that are made in the ordinary course of business and (b) Investments outstanding on the date hereof.

(g) Limits on Distributions

(i) Subject to subparagraph (iii) below, the Borrower shall not make any Distributions which would have or would reasonably be expected to result in a Default or Event of Default. Notwithstanding the foregoing or any

other provision of the Documents to the contrary and in addition thereto, the Borrower shall not make any Distribution during the continuance of a Default or Event of Default.

(ii) Subject to subparagraph (iii) below, the Borrower shall not make any Distributions (and shall not permit any Subsidiary which has provided Security to make any Distributions) other than to the Borrower or another Subsidiary which has provided Security which would result in a Borrowing Base Shortfall or at any time after receipt of a Borrowing Base Notice which indicates any Borrowing Base Shortfall exists unless and until the Borrower has repaid Loans to the extent necessary to completely eliminate the Borrowing Base Shortfall indicated in such notice.

(iii) Notwithstanding subparagraphs (i) and (ii) above, if the Borrower has delivered a Compliance Certificate certifying that the Total Debt to EBITDA Ratio exceeds 5.00:1.00 (and until such time as the Borrower delivers a Compliance Certificate certifying that the Total Debt to EBITDA Ratio does not exceed 5.00:1.00), the Borrower shall not make any Distributions except (i) Distributions in respect of performance share units, deferred stock units and restricted stock units and (ii) Distributions to the public in respect of common shares of the Borrower provided that the Borrower shall not increase the rate of Distributions payable per common share of the Borrower above the rate that has been set by the Borrower on the date of this Agreement.

(h) No Financial Instruments Other Than Permitted Hedging

The Borrower shall not and shall not permit any Subsidiary to enter into, transact or have outstanding any Financial Instruments or Financial Instrument Obligations other than Permitted Hedging.

(i) Non Arm's Length Transactions

Except in respect of transactions between or among the Borrower and/or one or more of its Subsidiaries, the Borrower shall not, nor shall it permit any Subsidiary to, enter into any contract, agreement or transaction whatsoever, including for the sale, purchase, lease or other dealing in any property or the provision of any services (other than office and administration services provided in the ordinary course of business), with any Related Party except upon fair and reasonable terms, which terms are not less favourable to the Borrower or its Subsidiaries than it would obtain in an arm's length transaction and, if applicable, for consideration which equals the fair market value of such property or other than at a fair market rental as regards leased property.

(j) No Merger, Amalgamation, etc.

The Borrower shall not, nor shall it permit any Subsidiary to, enter into any transaction whereby all or substantially all of its undertaking, property and assets

would become the property of any other person whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise except where the successor thereto or transferee thereof is the Borrower or another Subsidiary and except as permitted under Section 10.2(c) or 10.2(d).

(k) No Acquisitions

If the Borrower has delivered a Compliance Certificate certifying that the Total Debt to EBITDA Ratio exceeds 5.00:1.00 (and until such time as the Borrower delivers a Compliance Certificate certifying that the Total Debt to EBITDA Ratio does not exceed 5.00:1.00), the Borrower and its Subsidiaries shall not be permitted, directly or indirectly, to make or offer to make any acquisition of all or substantially all of the assets or shares (or other equity or ownership interests) of another person or entity without the prior written consent of the Majority of the Lenders, acting reasonably.

(l) Anti-Cash Hoarding

The Borrower shall not, nor shall it permit any Subsidiary to, use the proceeds of any Drawdown or Advance to accumulate or maintain cash or cash equivalents in one or more accounts (including, for certainty, any depository, investment or securities account) maintained by the Borrower or any of the Subsidiaries in excess of Cdn.$75,000,000 except for cash or cash equivalents accumulated or maintained therein for a specified business purpose in the ordinary course of business (other than simply accumulating a cash reserve). For certainty (i) the Agent may refuse to make any requested Drawdown under the Syndicated Facility which all of the Syndicated Facility Lenders, acting reasonably, determine would result in a contravention of this Section 10.2(l) and (ii) the Operating Lender may refuse to make any requested Drawdown under the Operating Facility which the Operating Lender, acting reasonably, determines would result in a contravention of this Section 10.2(l).

(m) Sanctions

The Borrower shall not request any Loan or the issuance, increase or extension of any Letter of Credit, and the Borrower shall not and shall not permit any Subsidiary or any of their respective directors, officers or employees to use the proceeds of any Loan or Letter of Credit (i) in furtherance of an offer, payment, promise to pay or authorization of the payment or giving of money, or anything else of value, to any person in violation of any Anti-Money Laundering Laws in any material respect, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person or in any Sanctioned Country that would result in the violation of any Sanction Laws applicable to any party hereto or (iii) in any manner that would result in the violation of any Sanctions Laws applicable to any party hereto.

(n) Restricted Payments

The Borrower shall not, nor shall it permit any Subsidiary to, use the proceeds of any Drawdown or Advance under either the Syndicated Facility or the Operating Facility to repay or pay, as applicable, any obligations, liabilities and indebtedness under, pursuant or relating to the 2018 Senior Unsecured Notes or the Additional Permitted Debt, except, for certainty, proceeds of any Drawdown or Advance under either the Syndicated Facility or the Operating Facility may be used to make scheduled interest payments due and payable under, pursuant or relating to the 2018 Senior Unsecured Notes or the Additional Permitted Debt.

10.3 Financial Covenants

(1) So long as any Obligation is outstanding or either Credit Facility is available hereunder, the Borrower covenants and agrees with each of the Lenders and the Agent that, unless (subject to Section 16.10) a Majority of the Lenders otherwise consent in writing:

(a) Current Assets to Current Liabilities Ratio

As at each Quarter End, the Borrower shall not permit the ratio of Current Assets to Current Liabilities to be less than 1.15:1.00.

(b) Maximum Funded Debt to Capitalization Ratio

As at each Quarter End, the Borrower shall not permit the Funded Debt to Capitalization Ratio to exceed 0.30:1.00.

(c) Maximum Funded Debt to EBITDA Ratio

As at each Quarter End, the Borrower shall not permit the Funded Debt to EBITDA Ratio to exceed 3.00:1.00, such ratio to be calculated on a rolling four-quarter basis.

(2) The Borrower shall be permitted to apply the proceeds of an issuance of common shares (the "**Common Share Proceeds**") of the Borrower to increase EBITDA for the purposes of Section 10.3(1)(c) as at such Quarter End, provided that (i) the common share issuance shall not result in a Change of Control, (ii) for certainty, the Common Share Proceeds shall only be applied to increase EBITDA for the purposes of Section 10.3(c) and not for any other purpose contained herein including, for certainty, in connection with the determination of the Applicable Pricing Rate, (iii) the Borrower shall only be permitted to use the Common Share Proceeds to increase EBITDA for the purposes of Section 10.3(c) a maximum of two times from the date hereof, (iv) the Borrower shall not be permitted to use the Common Share Proceeds to increase EBITDA for the purposes of Section 10.3(c) for consecutive Quarter Ends and (v) the maximum amount of proceeds of a common share issuance permitted to be attributable to EBITDA pursuant to this provision shall not exceed the greater of (A) 50% of total EBITDA on a rolling four-quarter basis, as at the relevant Quarter End and (B) Cdn.$25,000,000 per cure.

(3) In connection with the foregoing, the Borrower shall be permitted to have the Common Share Proceeds held in a segregated account (on terms satisfactory to the Agent, acting

reasonably) including, for greater certainty, the Common Share Proceeds currently held by the Borrower in a segregated account, and to be applied to increase EBITDA at a date following each such issuance of common shares for the purposes of Section 10.3(c) if required.

(4) For certainty, (i) the Borrower shall be permitted to apply the Common Share Proceeds to increase EBITDA for the purposes of Section 10.3(c) as at a Quarter End notwithstanding that the Borrower is in compliance with Section 10.3(c) as at such Quarter End, (ii) the application of the Common Share Proceeds to increase EBITDA for the purposes of Section 10.3(c) as provided for in such Section may be applied to EBITDA as at a Quarter End at any time up to and including the date the Compliance Certificate in connection with such Quarter End is delivered in compliance with this Agreement and (iii) to the extent the Common Share Proceeds are applied to increase EBITDA for the purpose of Section 10.3(c) as at a Quarter End (the "**Increased Quarter End**"), the increase in EBITDA as at the Increased Quarter End shall be included in the calculation of EBITDA for the purposes of Section 10.3(c) on a trailing twelve month basis to the extent the trailing twelve month period for calculating EBITDA includes the Increased Quarter End.

10.4 Agent May Perform Covenants

If the Borrower fails to perform any covenants on its part herein contained, subject to any consents or notice or cure periods required by Section 12.1, the Agent may give notice to the Borrower of such failure and if such covenant remains unperformed, the Agent may, in its discretion but need not, perform any such covenant capable of being performed by the Agent and if the covenant requires the payment or expenditure of money, the Agent may, upon having received approval of all Lenders, make such payments or expenditure and all sums so expended shall be forthwith payable by the Borrower to the Agent on behalf of the Lenders and shall bear interest at the applicable interest rate provided in Section 5.8 for amounts due in Canadian Dollars or United States Dollars, as the case may be. No such performance, payment or expenditure by the Agent shall be deemed to relieve the Borrower of any default hereunder or under the other Documents.

ARTICLE 11 - SECURITY

11.1 Security

(1) The Obligations, the Bank Product Obligations (excluding the Credit Card Obligations) and Lender Financial Instrument Obligations shall be secured, equally and rateably, in accordance with the requirements of this Article 11.

(2) It is acknowledged that the Borrower has executed and delivered Security in the forms of Schedules H-1, H-2 and H-3 annexed hereto. The Borrower shall cause each of its (i) Subsidiaries with property, plant and equipment located in Canada or the United States of America which the Borrower wishes to include for purposes of the calculation of the Cdn.$600,000,000 minimum value required pursuant to the covenant in Section 10.1(q) of this Agreement (the "**Minimum PP&E Value Covenant**") and (ii) Subsidiaries which owns or holds, directly or indirectly (whether through the ownership of or investments in other Subsidiaries of the Borrower or otherwise), any ownership interest in any assets or properties which are included for the purposes of the determination of the Borrowing Base, to execute and deliver Security in the forms

referred to in the definition of Security, in each case with such modifications and insertions as may be required by the Agent, acting reasonably (including, without limitation, having regard to the jurisdictions where such Subsidiaries carry on business). It is acknowledged that Calfrac U.S. has already executed and delivered such Security.

(3) The Borrower (i) shall, as soon as reasonably practicable, give written notice to the Agent of each Subsidiary other than Calfrac U.S. which owns property, plant and equipment located in Canada or the United States of America which the Borrower intends to include for purposes of the Minimum PP&E Value Covenant, together with such other information as the Agent may reasonably require, and (ii) shall promptly, and in any event within 20 Banking Days of the Borrower determining that it will include the property, plant and equipment of such additional Subsidiary for purposes of the Minimum PP&E Value Covenant, cause each such Subsidiary to promptly execute and deliver to the Agent the Security contemplated hereby (together with a certified copy of its constating documents and a legal opinion in form and substance satisfactory to the Agent, acting reasonably).

(4) The Borrower shall ensure that, at all times, the property, plant and equipment included in the calculation of the Minimum PP&E Value Covenant shall be legally, beneficially and directly owned by the Borrower and Subsidiaries which have provided Security to the extent required hereunder; and if at any time the property, plant and equipment included in the calculation of the Minimum PP&E Value Covenant shall not be legally, beneficially and directly owned by the Borrower and Subsidiaries which have provided Security hereunder, the Borrower shall, or shall cause a Subsidiary, promptly, and in any event within 20 Banking Days after any such occurrence to grant additional Security to the Agent pursuant hereto to the extent required to ensure that after such granting of additional security, property, plant and equipment included in the calculation of the Minimum PP&E Value Covenant shall be legally, beneficially and directly owned by the Borrower and Subsidiaries which have provided Security hereunder.

In order to give effect to the foregoing provisions of Section 11.1(3) and this Section 11.1(4), the Borrower shall cause the applicable Subsidiary to promptly execute and deliver Security to the Agent within the specified period (together with a certified copy of its constating documents and a legal opinion in form and substance satisfactory to the Agent, acting reasonably).

11.2 Registration

(1) The Borrower shall, at its expense, register, file or record the Security in all offices where the applicable registration, filing or recording is necessary or of advantage to the creation, perfection and preserving of the security applicable to it; provided that the Security shall not be registered (i) by way of serial number goods registrations in Canada or any province thereof, or (ii) at any land registry offices in Canada or the United States of America, and the Borrower shall not be obligated to grant security to the Agent in respect of Titled Assets and the Agent shall not register any Security against the certificates of title for any Titled Assets, in each case, unless and until (A) an Event of Default has occurred and is continuing and (B) the Agent (acting reasonably) requests such registration in writing). The Borrower shall amend and renew such registrations, filings and recordings from time to time as and when required to keep them in full force and effect or to preserve the priority established by any prior registration, filing or recording thereof.

(2) Notwithstanding the foregoing, if any Lender determines, acting reasonably, that any applicable law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender to hold or benefit from a lien over real property pursuant to any law of the United States of America or any State thereof, such Lender may notify the Agent and disclaim any benefit of such security interest to the extent of such illegality; provided, that such determination or disclaimer shall not invalidate or render unenforceable such lien for the benefit of any other Lender.

11.3 Forms

Except for the Security to be executed and delivered by Calfrac U.S. and any future Subsidiary formed pursuant to the laws of the United States of America or any state thereof, which shall be prepared and based upon the laws of a jurisdiction in the United States of America at the request of the Lenders, the forms of Security shall have been or shall be prepared based upon the laws of Canada and Alberta applicable thereto in effect at the date hereof. The Agent shall have the right to require that any such Security be amended to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, in order to confer upon the Agent the Security Interests intended to be created thereby.

11.4 Continuing Security

Each item or part of the Security shall for all purposes be treated as a separate and continuing collateral security and shall be deemed to have been given in addition to and not in place of any other item or part of the Security or any other security now held or hereafter acquired by the Agent or the Lenders. No item or part of the Security shall be merged or be deemed to have been merged in or by this Agreement or any documents, instruments or acknowledgements delivered hereunder, or any simple contract debt or any judgment, and any realization of or steps taken under or pursuant to any security, instrument or agreement shall be independent of and not create a merger with any other right available to the Lenders or the Agent under any security, instruments or agreements held by it or at law or in equity.

11.5 Dealing with Security

The Agent, with the consent of all of the Lenders, may grant extensions of time or other indulgences, take and give up securities (including the Security or any part or parts thereof), accept compositions, grant releases and discharges and otherwise deal with the Borrower and other parties and with security (including without limitation, the Security and each part thereof) as the Agent may see fit, without prejudice to or in any way limiting the liability of the Borrower under this Agreement or the other Documents or under any of the Security or any other collateral security.

11.6 Effectiveness

The Security and the security created by any other Document constituted or required to be created shall be effective, and the undertakings as to the Security herein or in any other Document shall be continuing, whether any Loans are then outstanding or any amounts thereby secured or any part thereof shall be owing before or after, or at the same time as, the creation of

such Security Interests or before or after or upon the date of execution of any amendments to this Agreement.

11.7 Release and Discharge of Security

(1) The Borrower and its Subsidiaries shall not be discharged from the Security or any part thereof, other than to the extent that such Security applies to a Permitted Disposition (in which case the Security shall cease to apply to the subject matter thereof for the benefit of the Agent and the Lenders) except by a written release and discharge signed by the Agent with the prior written consent of the Lenders. If all of the Obligations, the Bank Product Obligations (excluding the Credit Card Obligations) and the Lender Financial Instrument Obligations have been repaid, paid, satisfied and discharged, as the case may be, in full and the Credit Facilities have been fully cancelled, then the Agent shall cause it and the Lenders' interest in the Security to be released and discharged.

(2) The Lenders hereby authorize the Agent, upon the written request of the Borrower, to subordinate the Security Interests created by the Security with respect to any property or assets subject to a Permitted Encumbrance described in subparagraph (p) of the definition thereof or release such Security Interests from any property or assets subject to a Permitted Encumbrance described in subparagraph (p) of the definition thereof.

11.8 Transfer of Security

If HSBC Bank Canada, in its capacity as Agent, or any successor thereto, in its capacity as Agent ceases to be the Agent (the "**Departing Agent**"), the Departing Agent shall transfer and assign all of its right, title and interest in its capacity as Agent in and to the Security to the Successor Agent and the provisions of Section 11.2 shall apply, *mutatis mutandis*, with respect to such assignment and transfer.

11.9 Hedging Affiliates and Bank Product Affiliates

Each Lender hereby confirms to and agrees with the Agent and the other Lenders as follows:

(a) such Lender is, for the purpose of securing the Bank Product Obligations (other than Credit Card Obligations) owing to or in favour of its Bank Product Affiliates and the Lender Financial Instrument Obligations owing to or in favour of its Hedging Affiliates pursuant to the Security, executing and delivering this Agreement both on its own behalf and as agent for and on behalf of such Bank Product Affiliates and Hedging Affiliates;

(b) the Agent shall be and is hereby authorized by each such Bank Product Affiliate and Hedging Affiliate (i) to hold the Security on behalf of such Bank Product Affiliate and Hedging Affiliate as security for the Bank Product Obligations and Lender Financial Instrument Obligations owing to or in favour of it in accordance with the provisions of the Documents and (ii) to act in accordance with the provisions of the Documents (including on the instructions or at the direction of the Majority of the Lenders) in all respects with respect to the Security; and

(c) the documents governing any Bank Product or the Bank Product Obligations owing to or in favour of any such Bank Product Affiliate, the Lender Financial Instruments of any such Hedging Affiliate and the Lender Financial Instrument Obligations owing to or in favour of any such Hedging Affiliate shall not be included or taken into account for the purposes of Section 16.10 or (for certainty) in any determination of the Majority of the Lenders or the Lenders which shall be determined solely based upon the Commitments of the Lenders hereunder or the Outstanding Principal owing to the Lenders.

11.10 Security for Hedging with Former Lenders

If a Lender ceases to be a Lender under this Agreement (a "**Former Lender**"), all Lender Financial Instrument Obligations owing to such Former Lender and its Hedging Affiliates under Lender Financial Instruments entered into while such Former Lender was a Lender shall remain secured by the Security (equally and rateably) to the extent that such Lender Financial Instrument Obligations were secured by the Security prior to such Lender becoming a Former Lender and, subject to the following provisions of this Section 11.10 and unless the context otherwise requires, all references herein to "Lender Financial Instrument Obligations" shall include such obligations to a Former Lender and its Hedging Affiliates and all references herein to "Lender Financial Instruments" shall include such Financial Instruments with a Former Lender and its Hedging Affiliates. For certainty, any Financial Instrument Obligations under Financial Instruments entered into with a Former Lender or an Affiliate thereof after the Former Lender has ceased to be a Lender shall not be secured by the Security. Notwithstanding the foregoing, no Former Lender or any Affiliate thereof shall have any right to cause or require the enforcement of the Security or any right to participate in any decisions relating to the Security, including any decisions relating to the enforcement or manner of enforcement of the Security or decisions relating to any amendment to, waiver under, release of or other dealing with all or any part of the Security; for certainty, the sole right of a Former Lender and its Affiliates with respect to the Security is to share, on a *pari passu* basis, in any proceeds of realization and enforcement of the Security.

ARTICLE 12 - EVENTS OF DEFAULT AND ACCELERATION

12.1 Events of Default

The occurrence of any one or more of the following events (each such event being herein referred to as an "**Event of Default**") shall constitute a default under this Agreement:

(a) Principal Default: if the Borrower fails to pay the principal of any Loan hereunder when due and payable;

(b) Other Payment Default: if the Borrower fails to pay:

(i) any interest (including, if applicable, default interest) accrued on any Loan;

(ii) any acceptance fee with respect to a Bankers' Acceptance or issuance fee with respect to a Letter of Credit; or

(iii) any other amount not specifically referred to in paragraph (a) above or in this paragraph (b) payable by the Borrower hereunder;

in each case when due and payable, and such default is not remedied within 3 Banking Days after written notice thereof is given by the Agent to the Borrower specifying such default and requiring the Borrower to remedy or cure the same;

(c) Certain Covenant Defaults: if the Borrower fails to observe or perform the covenants in Section 10.3;

(d) Breach of Other Covenants: if the Borrower or a Material Subsidiary fails to observe or perform any covenant or obligation herein or in any other Document required on its part to be observed or performed (other than a covenant or condition whose breach or default in performance is specifically dealt with elsewhere in this Section) and (i) except with respect to a breach of Section 10.1(r) or Section 10.2(m), after notice has been given by the Agent to the Borrower or such Material Subsidiary specifying such default and requiring the Borrower or such Material Subsidiary to remedy or cure the same, the Borrower or such Material Subsidiary shall fail to remedy such default within a period of 30 days after the giving of such notice and (ii) with respect to a breach of Section 10.1(r) or Section 10.2(m), upon the earlier of: (1) the time when the Borrower or such Material Subsidiary has become aware of the default and (2) the time when the Agent has notified the Borrower or such Material Subsidiary of such default requiring the Borrower or such Material Subsidiary to remedy or cure the same and the Borrower or such Material Subsidiary shall fail to remedy such default within a period of 30 days thereafter;

(e) Incorrect Representations: if any representation or warranty made by the Borrower or any Material Subsidiary party to any Document herein or in any other Document shall prove to have been incorrect or misleading in any respect on and as of the date made and the facts or circumstances which make such representation or warranty incorrect or misleading are not remedied and the representation or warranty in question remains incorrect or misleading (i) except with respect to Section 9.1(w), more than 30 days after the Agent notifies the Borrower of the same and (ii) in the case of Section 9.1(w), the earlier of (1) the time when the Borrower or such Material Subsidiary becomes aware of such incorrect or misleading representation or warranty and (2) the time when the Agent has notified the Borrower of such incorrect or misleading representation or warranty and the representation and warranty remains incorrect or misleading for 30 days thereafter;

(f) Involuntary Insolvency: if a decree or order of a court of competent jurisdiction is entered adjudging the Borrower or a Material Subsidiary a bankrupt or insolvent under the *Companies' Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), the *Winding-up and Restructuring Act* (Canada) or any other bankruptcy, insolvency or analogous laws or ordering the winding up or liquidation of its affairs;

(g) *Idem*: if any case, proceeding or other action shall be instituted in any court of competent jurisdiction against the Borrower or any Material Subsidiary, seeking in respect of it an adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, a composition, proposal or arrangement with creditors, a readjustment of debts, the appointment of trustee in bankruptcy, receiver, receiver and manager, interim receiver, custodian, sequestrator or other person with similar powers with respect to the Borrower or any Material Subsidiary or of all or any substantial part of its assets, or any other like relief in respect of the Borrower or any Material Subsidiary under any bankruptcy or insolvency law and such case, proceeding or other action results in an entry of an order for such relief or any such adjudication or appointment, which is not stayed or dismissed within 15 days;

(h) Voluntary Insolvency: if the Borrower or any Material Subsidiary makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable law, seeks relief under the *Companies' Creditors Arrangement Act* (Canada), the *Winding-up and Restructuring Act* (Canada) or any other bankruptcy, insolvency or analogous law, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee in bankruptcy, receiver, receiver and manager, interim receiver, custodian, sequestrator or other person with similar powers of itself or of all or any substantial portion of its assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition, administration or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors' rights or consents to, or acquiesces in, the filing of such assignment, proposal, relief, petition, proposal, appointment or proceeding;

(i) Dissolution: except as permitted by Sections 10.2(c) or 10.2(j), if proceedings are commenced for the dissolution, liquidation or winding up of the Borrower or any Material Subsidiary unless such proceedings are being actively and diligently contested in good faith to the satisfaction of the Majority of the Lenders;

(j) Security Realization: if creditors of the Borrower or any Material Subsidiaries having a Security Interest against or in respect of the property and assets thereof, or any part thereof, realize upon or enforce any such security against such property and assets or any part thereof having an aggregate fair market value in excess of Cdn.$20,000,000 (or the Equivalent Amount thereof in United States Dollars or the equivalent thereof in any other currency) and such realization or enforcement shall continue in effect and not be released, discharged or stayed within the lesser of 30 days and the period of time prescribed under Applicable Laws for the completion of the sale of or realization against the assets subject to such seizure or attachment;

(k) Seizure: if property and assets of the Borrower and its Material Subsidiaries or any part thereof having an aggregate fair market value in excess of Cdn.$20,000,000 (or the Equivalent Amount thereof in United States Dollars or the equivalent thereof in any other currency) are seized or otherwise attached by anyone pursuant to any

legal process or other means, including, without limitation, distress, execution or any other step or proceeding with similar effect and such attachment, step or other proceeding shall continue in effect and not be released, discharged or stayed within the lesser of 30 days and the period of time prescribed under Applicable Laws for the completion of the sale of or realization against the assets subject to such seizure or attachment;

(l) Judgment: except for any judgment related to the Disclosed Litigation Matters not exceeding Cdn.$50,000,000, if one or more final judgments, decrees or orders (after available appeals have been exhausted) for an aggregate amount in excess of Cdn.$30,000,000 (or the Equivalent Amount thereof in United States Dollars or the equivalent thereof in any other currency) shall be awarded against:

(i) the Borrower or any Material Subsidiary in Canada or the United States of America (or any province, territory, state or district thereof); or

(ii) the Borrower or any Material Subsidiary in the United Mexican States or the Russian Federation (or any territory, state, district or federal subject thereof) and, after taking into account any reduction of EBITDA of the Borrower or applicable Material Subsidiary in such amount as the Lenders may require up to the amount of such judgment where such reduction is deemed to be deducted from the calculation of the Borrower's EBITDA for the previous four quarters, the Borrower would not be in compliance with the financial covenant contained in Section 10.3(c) hereof,

and the Borrower or any such Material Subsidiary, as applicable, has not provided security (to the Agent, the applicable court that rendered such judgment, the judgment creditor or an agent or trustee for one of the foregoing) for any of such judgments, decrees or orders or caused such judgment decree or order to be satisfied or stayed within 30 days of such judgment, decree or order being awarded;

(m) Payment Cross Default: if the Borrower or any of its Material Subsidiaries (or any combination thereof) defaults in the payment when due (whether at maturity, upon acceleration, or otherwise) of Total Debt or Financial Instrument Obligations in aggregate in excess of 5% of Consolidated Net Tangible Assets (or the Equivalent Amount thereof in United States Dollars or the equivalent thereof in any other currency);

(n) Event Cross Default: if a default, event of default or other similar condition or event (however described) in respect of the Borrower or any of its Material Subsidiaries (or any combination thereof) occurs or exists under any indentures, credit agreements, agreements or other instruments evidencing or relating to Total Debt or Financial Instrument Obligations (individually or collectively) in an aggregate amount in excess of 5% of Consolidated Net Tangible Assets (or the Equivalent Amount thereof in United States Dollars or the equivalent thereof in any other currency) and such default, event or condition has resulted in such Total Debt or Financial Instrument Obligations becoming, or becoming capable at such time of

being declared, due and payable thereunder before it would otherwise have been due and payable;

(o) Cease to Carry on Business: if the Borrower and its Material Subsidiaries taken as a whole cease to carry on business;

(p) Change of Control:

(i) if a Change of Control referenced in subparagraph (a) of the definition thereof occurs; or

(ii) if a Change of Control referenced in subparagraphs (b) or (c) of the definition thereof occurs and, in the opinion of the Lenders (acting reasonably) such Change of Control would reasonably be expected to have a Material Adverse Effect.

(q) Lender Financial Instruments: if a Financial Instrument Demand for Payment has been delivered to the Borrower or any Subsidiary and such person fails to make payment thereunder within the lesser of (i) 3 Banking Days and (ii) the time otherwise required for payment thereunder, or if a Termination Event occurs, and in any such case, such default has not been waived or cured;

(r) Borrowing Base Shortfall: If a Borrowing Base Shortfall exists and is not remedied in accordance with Section 2.26(4);

(s) Loss and Priority of Security: except for Permitted Encumbrances and except as otherwise permitted by this Agreement, if any of the Security shall cease to be a valid first priority Security Interest against the property, assets and undertaking of the Borrower or any Material Subsidiary party to any Document as against third parties (and the same is not forthwith effectively rectified or replaced by the Borrower or such Material Subsidiary, as applicable); or

(t) Material Adverse Effect: if, in the opinion of the Lenders (acting reasonably), an event, which has not been approved by all Lenders in writing and which would reasonably be expected to have a Material Adverse Effect, has occurred.

12.2 Acceleration

If any Event of Default shall occur and for so long as it is continuing:

(a) the entire principal amount of all Loans then outstanding from the Borrower and all accrued and unpaid interest thereon,

(b) an amount equal to the face amount at maturity of all Bankers' Acceptances issued by the Borrower which are unmatured,

(c) an amount equal to the maximum amount then available to be drawn under all unexpired Letters of Credit, and

(d) all other Obligations outstanding hereunder,

shall, at the option of the Agent in accordance with Section 15.11 or upon the request of a Majority of the Lenders, become immediately due and payable upon written notice to that effect from the Agent to the Borrower, all without any other notice and without presentment, protest, demand, notice of dishonour or any other demand whatsoever (all of which are hereby expressly waived by the Borrower). In such event and if the Borrower does not immediately pay all such amounts upon receipt of such notice, either the Lenders (in accordance with the proviso in Section 15.11(a)) or the Agent on their behalf may, in their discretion, exercise any right or recourse and/or proceed by any action, suit, remedy or proceeding against the Borrower authorized or permitted by law for the recovery of all the indebtedness and liabilities of the Borrower to the Lenders and proceed to exercise any and all rights hereunder and under the other Documents and no such remedy for the enforcement of the rights of the Lenders shall be exclusive of or dependent on any other remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

12.3 Conversion on Default

Upon the occurrence of an Event of Default in respect of the Borrower, the Agent on behalf of the Lenders, or the Operating Lender, as applicable, may convert a Libor Loan owing by the Borrower, to a U.S. Base Rate Loan. Interest shall accrue on each such U.S. Base Rate Loan at the rate specified in Section 5.2 with interest on all overdue interest at the same rate, such interest to be calculated daily and payable on demand.

12.4 Remedies Cumulative and Waivers

For greater certainty, it is expressly understood and agreed that the rights and remedies of the Lenders and the Agent hereunder or under any other Document are cumulative and are in addition to and not in substitution for any rights or remedies provided by law or by equity; and any single or partial exercise by the Lenders or by the Agent of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or other Document shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which any one or more of the Lenders and the Agent may be lawfully entitled for such default or breach. Any waiver by, as applicable, the Majority of the Lenders, the Lenders or the Agent of the strict observance, performance or compliance with any term, covenant, condition or other matter contained herein and any indulgence granted, either expressly or by course of conduct, by, as applicable, the Majority of the Lenders, the Lenders or the Agent shall be effective only in the specific instance and for the purpose for which it was given and shall be deemed not to be a waiver of any rights and remedies of the Lenders or the Agent under this Agreement or any other Document as a result of any other default or breach hereunder or thereunder.

12.5 Termination of Lenders' Obligations

The occurrence of a Default or Event of Default shall relieve the Lenders of all obligations to provide any further Drawdowns, Rollovers or Conversions to the Borrower hereunder; provided that the foregoing shall not prevent the Lenders or the Agent from disbursing

money or effecting any Conversion which, by the terms hereof, they are entitled to effect, or any Conversion or Rollover requested by the Borrower and acceptable to the Lenders and the Agent.

12.6 Acceleration of All Lender Obligations

(1) If a Lender is actually aware of a Termination Event under Lender Financial Instruments to which it is a party or if a Lender has delivered a Financial Instrument Demand for Payment to the Borrower or a Subsidiary, then it shall promptly notify the Agent and other Lenders thereof.

(2) If an Acceleration Notice has been delivered to the Borrower, then, to the extent that it is not already the case, all Obligations, all Bank Product Obligations and all Financial Instrument Obligations under Lender Financial Instruments shall be immediately due and payable and each Lender and the Agent shall (and shall be entitled to) promptly, and in any event within 3 Banking Days of receipt of notice of the foregoing, deliver such other Demands for Payment and notices as may be necessary to ensure that all Obligations, all Bank Product Obligations and all Financial Instrument Obligations under Lender Financial Instruments are thereafter due and payable under this Agreement, the documentation relating to Bank Products and the Lender Financial Instruments, as applicable.

(3) Each agreement, indenture, instrument or other document evidencing or relating to a Lender Financial Instrument shall, notwithstanding any provision thereof to the contrary, be deemed to be hereby amended to allow and permit the Lender which is a party thereto to comply with the provisions of this Section 12.6.

12.7 Application and Sharing of Payments Following Acceleration

Except as otherwise agreed to by all of the Lenders in their sole discretion, all monies and property received by the Lenders for application in respect of the Obligations, the Bank Product Obligations and the Financial Instrument Obligations under Lender Financial Instruments subsequent to the Adjustment Time and all monies received as a result of a realization upon the Security (collectively, the "**Realization Proceeds**") shall be applied and distributed to the Lenders and the Agent in the order and manner set forth below:

(a) firstly, distributed proportionately to the Lenders and the Agent in accordance with amounts owing to each Lender and the Agent on account of the costs and expenses of enforcement and realization upon the Security; and

(b) secondly, distributed Rateably (subject to any applicable adjustment required to take into account the opting out of any Security by any Lender in accordance with Section 11.1(2)) to the Lenders, the Bank Product Affiliates and the Hedging Affiliates on account of the Obligations, the Bank Product Obligations and the Financial Instrument Obligations under Lender Financial Instruments;

and the balance of the Realization Proceeds (if any) shall be paid to the Borrower or otherwise as may be required by law.

12.8 Calculations as at the Adjustment Time

For the purposes of this Agreement, if:

(a) a Financial Instrument Demand for Repayment has been delivered; or

(b) a Termination Event has occurred under any agreement evidencing a permitted Lender Financial Instrument;

then any amount which is payable by the Borrower or a Subsidiary under such Lender Financial Instrument in settlement of obligations arising thereunder as a result of the early termination of the Lender Financial Instrument shall be deemed to have become payable at the time of delivery of such Financial Instrument Demand for Repayment or the time of occurrence of such Termination Event, as the case may be, notwithstanding that the amount payable by the Borrower or a Subsidiary is to be subsequently calculated and notice thereof given to the Borrower or such Subsidiary in accordance with such Lender Financial Instrument.

12.9 Sharing Repayments

To the extent necessary to ensure that, and to give effect to the agreement that, the Obligations, the Bank Product Obligations (other than the Credit Card Obligations) and the Lender Financial Instrument Obligations are secured equally and rateably, each Lender agrees that, subsequent to the Adjustment Time, it will at any time and from time to time upon the request of the Agent purchase undivided participations in the Obligations, the Bank Product Obligations (other than the Credit Card Obligations) and the Financial Instrument Obligations under Lender Financial Instruments and make any other adjustments which may be necessary or appropriate, in order that Obligations, the Bank Product Obligations (other than the Credit Card Obligations) and the Financial Instrument Obligations under Lender Financial Instruments which remain outstanding to each Lender and its Bank Product Affiliates and Hedging Affiliates are thereafter outstanding, as adjusted pursuant to this Section, in accordance with the provisions of Section 12.7. The Borrower agrees to do, or cause to be done (whether by the Borrower or its Subsidiaries), all things reasonably necessary or appropriate to give effect to any and all purchases and other adjustments by and between the Lenders pursuant to this Section.

12.10 Pro Rata Obligations

After all Obligations are declared by the Agent to be due and payable pursuant to Section 12.2, each Lender agrees that (a) it will at any time or from time to time thereafter at the request of the Agent as required by any Lender, purchase at par on a non-recourse basis a participation in the Outstanding Principal owing to each of the other Lenders and make any other adjustments as are necessary or appropriate, in order that the Outstanding Principal owing to each of the Lenders, as adjusted pursuant to this Section 12.10, will be in the same proportion as each Lender's individual aggregate Commitments were to the overall aggregate Commitments of all Lenders immediately prior to the Event of Default resulting in such declaration and (b) the amount of any repayment made by or on behalf of the Borrower and its Subsidiaries under the Documents or any proceeds received by the Agent or the Lenders in connection therewith will be applied by the Agent in a manner such that to the extent possible the amount of the Outstanding Principal owing to each Lender after giving effect to such application will be in the same

proportion as each Lender's individual aggregate Commitments were to the overall aggregate Commitments of all Lenders immediately prior to the Event of Default resulting in such declaration.

ARTICLE 13 - CHANGE OF CIRCUMSTANCES

13.1 Market Disruption Respecting LIBOR Loans

(1) If at any time subsequent to the giving of a Drawdown Notice, Rollover Notice or Conversion Notice to the Agent or the Operating Lender, as applicable, by the Borrower with regard to any requested Libor Loan but before 2:00 p.m. (Toronto time) on the third Banking Day prior to the date of the requested Drawdown, Rollover or Conversion, as the case may be:

(a) the Agent or the Operating Lender, as applicable, (acting reasonably) determines that by reason of circumstances affecting the London interbank market, adequate and fair means do not exist for ascertaining the rate of interest with respect to, or deposits are not available in sufficient amounts in the ordinary course of business at the rate determined hereunder to fund, a requested Libor Loan during the ensuing Interest Period selected;

(b) the Agent or the Operating Lender, as applicable, (acting reasonably) determines that the making or continuing of the requested Libor Loan by the Syndicated Facility Lenders or the Operating Lender, as applicable, has been made impracticable by the occurrence of an event which materially adversely affects the London interbank market generally; or

(c) the Operating Lender has determined or the Agent is advised by Syndicated Facility Lenders holding at least 35% of the Syndicated Facility Commitments by written notice (each, a "**Lender Libor Suspension Notice**"), such notice received by the Agent no later than 2:00 p.m. (Toronto time) on the third Banking Day prior to the date of the requested Drawdown, Rollover or Conversion, as the case may be, that such Syndicated Facility Lenders have determined (acting reasonably) that the Libor Rate will not or does not represent the effective cost to such Lender or Lenders of United States Dollar deposits in such market for the relevant Interest Period,

the Agent or the Operating Lender, as applicable shall promptly notify the Borrower (and, in respect of the Syndicated Facility, the applicable Lenders) as soon as possible after such determination or receipt of such Lender Libor Suspension Notice, as the case may be, and the Borrower shall, within one Banking Day after receipt of such notice and in replacement of the Drawdown Notice, Rollover Notice or Conversion Notice, as the case may be, previously given by the Borrower, give the Agent or the Operating Lender, as applicable, a Drawdown Notice or a Conversion Notice, as the case may be, which specifies the Drawdown of any other Loan or the Conversion of the relevant Libor Loan on the last day of the applicable Interest Period into any other Loan which would not be affected by the notice from the Agent or the Operating Lender, as applicable, pursuant to this Section 13.1(1). In the event the Borrower fails to give, if applicable, a valid replacement Conversion Notice with respect to the maturing Libor Loans which were the

subject of a Rollover Notice, such maturing Libor Loans shall be converted on the last day of the applicable Interest Period into U.S. Base Rate Loans as if a Conversion Notice had been given to the Agent or the Operating Lender, as applicable, by the Borrower pursuant to the provisions hereof. In the event the Borrower fails to give, if applicable, a valid replacement Drawdown Notice with respect to a Drawdown originally requested by way of a Libor Loan, then the Borrower shall be deemed to have requested a Drawdown by way of a U.S. Base Rate Loan in the amount specified in the original Drawdown Notice and, on the originally requested Drawdown Date, the Lenders (subject to the other provisions hereof) shall make available the requested amount by way of a U.S. Base Rate Loan.

(2) Notwithstanding anything to the contrary in this Agreement or any other Document, if the Agent or the Operating Lender determines (which determination shall be conclusive absent manifest error), or if the Borrower or the Majority of the Lenders notify the Agent and the Operating Lender (with, in the case of the Majority of the Lenders, a copy to Borrower) that the Borrower or the Majority of the Lenders (as applicable) have determined, that:

(a) adequate and reasonable means do not exist for ascertaining the Libor Rate for any requested Interest Period because the rate set by ICE Benchmark Administration is not available or published on a current basis and such circumstances are unlikely to be temporary;

(b) the ICE Benchmark Administration or a Governmental Authority having jurisdiction over the Agent or the Operating Lender has made a public statement identifying a specific date after which the Libor Rate shall no longer be made available or used for determining the interest rate of loans (such specific date, the "**Scheduled Unavailability Date**"); or

(c) the Libor Rate is no longer the market standard benchmark rate for United States Dollar denominated loans;

then, reasonably promptly after such determination by the Agent or the Operating Lender, as applicable, or receipt by the Agent and the Operating Lender of such notice, as applicable, the Agent (on behalf of itself and the Operating Lender) and the Borrower may negotiate an amendment to this Agreement to replace Libor Loans with loans using an alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein), (any such proposed rate, a "**Libor Successor Rate**"), together with any required conforming changes to this Agreement.

(3) If no Libor Successor Rate has been determined and:

(a) the circumstances under Section 13.1(2)(a) exist;

(b) the Scheduled Unavailability Date has occurred; or

(c) 60 days have passed since the determination by the Agent or the Operating Lender, as applicable, or receipt of notice by the Agent and the Operating Lender from the Borrower or the Majority of the Lenders, as applicable, that the circumstance described under 13.1(2)(c) above exist,

the Agent shall promptly so notify the Borrower and each Lender and, thereafter, (i) the obligation of the Lenders to make or maintain Libor Loans shall be suspended and (ii) the Libor Rate component shall no longer be utilized in determining the U.S. Base Rate. Upon receipt of such notice, the Borrower may revoke any pending request for a Drawdown of, Conversion into or Rollover of Libor Loans or, failing that, will be deemed to have converted any such notice in to a Drawdown Notice, Conversion Notice or Rollover Notice, as applicable, requesting U.S. Base Rate Loans in the amount specified therein.

13.2 Market Disruption Respecting Bankers' Acceptances

If:

(a) the Agent or the Operating Lender, as applicable, (acting reasonably) makes a determination, which determination shall be conclusive and binding upon the Borrower, and notifies the Borrower, that there no longer exists an active market for bankers' acceptances accepted by the Syndicated Facility Lenders or Operating Lender, respectively; or

(b) the Agent is advised by Syndicated Facility Lenders holding at least 35% of the Syndicated Facility Commitments by written notice (each, a "**Lender BA Suspension Notice**") that such Lenders have determined (in their sole discretion, acting in good faith) or the Operating Lender has determined (in its sole discretion, acting in good faith) that the BA Discount Rate will not or does not accurately reflect the cost of funds of such Lender or Lenders or the discount rate which would be applicable to a sale of Bankers' Acceptances accepted by such Lender or Lenders in the market;

then:

(c) the right of the Borrower to request Bankers' Acceptances or BA Equivalent Advances from any applicable Lender shall be suspended until the Agent or the Operating Lender, as applicable, determines that the circumstances causing such suspension no longer exist, and so notifies the Borrower and the applicable Lenders;

(d) any outstanding Drawdown Notice requesting a Loan by way of Bankers' Acceptances or BA Equivalent Advances shall be deemed to be a Drawdown Notice requesting a Loan by way of Canadian Prime Rate Loans in the amount specified in the original Drawdown Notice;

(e) any outstanding Conversion Notice requesting a Conversion of a Loan by way of Bankers' Acceptances or BA Equivalent Advances shall be deemed to be a Conversion Notice requesting a Conversion of such Loan into a Loan by way of Canadian Prime Rate Loans; and

(f) any outstanding Rollover Notice requesting a Rollover of a Loan by way of Bankers' Acceptances or BA Equivalent Advances, shall be deemed to be a

Conversion Notice requesting a Conversion of such Loans into a Loan by way of Canadian Prime Rate Loans.

The Agent or the Operating Lender, as applicable shall promptly notify the Borrower (and, in respect of the Syndicated Facility, the applicable Lenders) of any suspension of the Borrower's right to request the Bankers' Acceptances or BA Equivalent Advances and of any termination of any such suspension. A Lender BA Suspension Notice shall be effective upon receipt of the same by the Agent or the Operating Lender, as applicable, if received prior to 2:00 p.m. (Toronto time) on a Banking Day and if not, then on the next following Banking Day, except in connection with an outstanding Drawdown Notice, Conversion Notice or Rollover Notice, in which case the applicable Lender BA Suspension Notice shall only be effective with respect to such outstanding Drawdown Notice, Conversion Notice or Rollover Notice if received by the Agent or the Operating Lender, as applicable, prior to 2:00 p.m. (Toronto time) two Banking Days prior to the proposed Drawdown Date, Conversion Date or Rollover Date (as applicable) applicable to such outstanding Drawdown Notice, Conversion Notice or Rollover Notice, as applicable.

13.3 Change in Law

(1) If the adoption of any applicable law, regulation, treaty or official directive (whether or not having the force of law) or any change therein or in the interpretation or application thereof by any court or by any Governmental Authority or any other entity charged with the interpretation or administration thereof or compliance by a Lender with any request or direction (whether or not having the force of law) of any such authority or entity in each case after the date hereof:

(a) subjects such Lender to, or causes the withdrawal or termination of a previously granted exemption with respect to, any Taxes (other than Taxes on such Lender's overall income or capital), or changes the basis of taxation of payments due to such Lender, or increases any existing Taxes (other than Taxes on such Lender's overall income or capital) on payments of principal, interest or other amounts payable by the Borrower to such Lender under this Agreement;

(b) imposes, modifies or deems applicable any reserve, liquidity, special deposit, regulatory or similar requirement against assets or liabilities held by, or deposits in or for the account of, or loans by such Lender, or any acquisition of funds for loans or commitments to fund loans or obligations in respect of undrawn, committed lines of credit or in respect of Bankers' Acceptances accepted by such Lender;

(c) imposes on such Lender or requires there to be maintained by such Lender any capital adequacy or additional capital requirements (including, without limitation, a requirement which affects such Lender's allocation of capital resources to its obligations) in respect of any Loan or obligation of such Lender hereunder, or any other condition with respect to this Agreement; or

(d) directly or indirectly affects the cost to such Lender of making available, funding or maintaining any Loan or otherwise imposes on such Lender any other condition or requirement affecting this Agreement or any Loan or any obligation of such Lender hereunder;

and the result of (a), (b), (c) or (d) above, in the sole determination of such Lender acting in good faith, is:

(e) to increase the cost to such Lender of performing its obligations hereunder with respect to any Loan;

(f) to reduce any amount received or receivable by such Lender hereunder or its effective return hereunder or on its capital in respect of any Loan or either Credit Facility; or

(g) to cause such Lender to make any payment with respect to or to forego any return on or calculated by reference to, any amount received or receivable by such Lender hereunder with respect to any Loan or either Credit Facility;

such Lender shall determine that amount of money which shall compensate the Lender for such increase in cost, payments to be made or reduction in income or return or interest foregone (herein referred to as "**Additional Compensation**"). Upon a Lender having determined that it is entitled to Additional Compensation in accordance with the provisions of this Section, the Lender shall promptly so notify the Borrower and, in the case of the Syndicated Facility, the Agent. The relevant Lender shall provide the Borrower and, in the case of the Syndicated Facility, the Agent with a photocopy of the relevant law, rule, guideline, regulation, treaty or official directive (or, if it is impracticable to provide a photocopy, a written summary of the same) and a certificate of a duly authorized officer of such Lender setting forth the Additional Compensation and the basis of calculation therefor, which shall be conclusive evidence of such Additional Compensation in the absence of manifest error. The Borrower shall pay to such Lender within 10 Banking Days of the giving of such notice such Lender's Additional Compensation. Each of the Lenders shall be entitled to be paid such Additional Compensation from time to time to the extent that the provisions of this Section are then applicable notwithstanding that any Lender has previously been paid any Additional Compensation.

(2) Notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all regulations, requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all regulations, requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America, Canadian or other regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "change in law" for the purposes of this Section 13.3, regardless of the date enacted, adopted or issued, in each case to the extent materially different from that in effect of the date hereof.

(3) Each Lender agrees that it will not claim Additional Compensation from the Borrower under Section 13.3(1) if it is not generally claiming similar compensation from its other customers in similar circumstances or in respect of any period greater than 3 months prior to the delivery of notice in respect thereof by such Lender, unless, in the latter case, the adoption, change or other event or circumstance giving rise to the claim for Additional Compensation is retroactive or is retroactive in effect.

13.4 Prepayment of Portion

In addition to the other rights and options of the Borrower hereunder and notwithstanding any contrary provisions hereof, if a Lender gives the notice provided for in Section 13.3 with respect to any Loan (an "**Affected Loan**"), the Borrower may, upon 2 Banking Days' notice to that effect given to such Lender and, in the case of the Syndicated Facility, the Agent (which notice shall be irrevocable), prepay in full without penalty such Lender's Rateable Portion of the Affected Loan outstanding together with accrued and unpaid interest on the principal amount so prepaid up to the date of such prepayment, such Additional Compensation as may be applicable to the date of such payment and all costs, losses and expenses incurred by such Lender by reason of the liquidation or re deployment of deposits or other funds or for any other reason whatsoever resulting from the repayment of such Affected Loan or any part thereof on other than the last day of the applicable Interest Period, and upon such payment being made that Lender's obligations to make such Affected Loans to the Borrower under this Agreement shall terminate.

13.5 Illegality

If a Lender determines, in good faith, that (a) the adoption of any applicable law, regulation, treaty or official directive (whether or not having the force of law) or any change therein or in the interpretation or application thereof by any court or by any Governmental Authority or any other entity charged with the interpretation or administration thereof or compliance by a Lender or its Lender Parent with any request or direction (whether or not having the force of law) of any such authority or entity, now or hereafter makes it unlawful or impossible for any Lender or for its Lender Parent to permit such Lender to make, fund or maintain a Loan under either Credit Facility or to give effect to its obligations in respect of such a Loan or (b) the making, funding, maintaining or continuance of any Loan is or becomes unlawful or impossible as a result of compliance by such Lender with any Sanctions Laws, such Lender may, by written notice thereof to the Borrower and the Agent declare its obligations under this Agreement in respect of such Loan to be terminated whereupon the same shall forthwith terminate, and the Borrower shall, within the time required by such law (or at the end of such longer period as such Lender at its discretion has agreed), either effect a Conversion of such Loan in accordance with the provisions hereof (if such Conversion would resolve the unlawfulness or impossibility) or prepay the principal of such Loan together with accrued interest, such Additional Compensation as may be applicable with respect to such Loan to the date of such payment and all costs, losses and expenses incurred by the Lenders by reason of the liquidation or re deployment of deposits or other funds or for any other reason whatsoever resulting from the repayment of such Loan or any part thereof on other than the last day of the applicable Interest Period. If any such change shall only affect a portion of such Lender's obligations under this Agreement which is, in the opinion of such Lender and the Agent, severable from the remainder of this Agreement so that the remainder of this Agreement may be continued in full force and effect without otherwise affecting any of the obligations of the Agent, the other Lenders or the Borrower hereunder, such Lender shall only declare its obligations under that portion so terminated.

ARTICLE 14 - COSTS, EXPENSES AND INDEMNIFICATION

14.1 Costs and Expenses

The Borrower shall pay promptly upon notice from the Agent all reasonable out-of-pocket costs and expenses of the Lenders and the Agent, including travel expenses of HSBC Bank Canada, in connection with the Documents and the establishment and syndication of the applicable Credit Facilities, including in connection with preparation, printing, execution and delivery of this Agreement and the other Documents whether or not any Drawdown has been made hereunder, and also including, without limitation, the reasonable fees and out-of-pocket costs and expenses of Lenders' Counsel with respect thereto and with respect to advising the Agent and the Lenders as to their rights and responsibilities under this Agreement and the other Documents. Except for ordinary expenses of the Lenders and the Agent relating to the day to day administration of this Agreement, the Borrower further agrees to pay within 30 days of demand by the Agent all reasonable out-of-pocket costs and expenses in connection with the preparation or review of waivers, consents and amendments pertaining to this Agreement, and in connection with the establishment of the validity and enforceability of this Agreement and the preservation or enforcement of rights of the Lenders and the Agent under this Agreement and other Documents, including, without limitation, all reasonable out-of-pocket costs and expenses sustained by the Lenders and the Agent as a result of any failure by the Borrower to perform or observe any of its obligations hereunder or in connection with any action, suit or proceeding (whether or not an Indemnified Party is a party or subject thereto), together with interest thereon from and after such 30th day if such payment is not made by such time.

14.2 General Indemnity

In addition to any liability of the Borrower to any Lender or the Agent under any other provision hereof, the Borrower shall indemnify each Indemnified Party and hold each Indemnified Party harmless against any losses, claims, costs, damages or liabilities (including, without limitation, any expense or cost incurred in the liquidation and re deployment of funds acquired to fund or maintain any portion of a Loan and reasonable out-of-pocket expenses and reasonable legal fees on a solicitor and his own client basis) incurred by the same as a result of or in connection with the Credit Facilities or the Documents, including, without limitation, as a result of or in connection with:

(a) any cost or expense incurred by reason of the liquidation or re deployment in whole or in part of deposits or other funds required by any Lender to fund any Bankers' Acceptance or to fund or maintain any Loan as a result of the Borrower's failure to complete a Drawdown or to make any payment, repayment or prepayment on the date required hereunder or specified by it in any notice given hereunder;

(b) subject to permitted or deemed Rollovers and Conversions, the Borrower's failure to provide for the payment to the Agent for the account of the Lenders or the Operating Lender, as applicable, of the full principal amount of each Bankers' Acceptance on its maturity date;

(c) the Borrower's failure to pay any other amount, including without limitation any interest or fee, due hereunder on its due date after the expiration of any applicable grace or notice periods (subject, however, to the interest obligations of the Borrower hereunder for overdue amounts);

(d) the Borrower's repayment or prepayment of a Libor Loan otherwise than on the last day of its Interest Period;

(e) the prepayment of any outstanding Bankers' Acceptance before the maturity date of such Bankers' Acceptance;

(f) the Borrower's failure to give any notice required to be given by it to the Agent, the Operating Lender or the Lenders hereunder;

(g) the failure of the Borrower to make any other payment due hereunder;

(h) any inaccuracy or incompleteness of the Borrower's representations and warranties contained in Article 9;

(i) any failure of the Borrower to observe or fulfil its obligations under Article 10;

(j) any failure of the Borrower to observe or fulfil any other Obligation not specifically referred to above including, without limitation, its obligations under Section 5.4(3)(b) hereof;

(k) any failure of the Borrower to observe or fulfil any other Obligation not specifically referred to above; or

(l) the occurrence of any Default or Event of Default in respect of the Borrower,

provided that this Section shall not apply to any losses, claims, costs, damages or liabilities that arise by reason of the gross negligence or wilful misconduct of the Indemnified Party claiming indemnity hereunder. The provisions of this Section shall survive repayment of the Obligations.

14.3 Environmental Indemnity

The Borrower shall indemnify and hold harmless the Indemnified Parties forthwith on demand by the Agent from and against any and all claims, suits, actions, debts, damages, costs, losses, liabilities, penalties, obligations, judgments, charges, expenses and disbursements (including without limitation, all reasonable legal fees and disbursements on a solicitor and his own client basis) of any nature whatsoever, suffered or incurred by the Indemnified Parties or any of them in connection with either Credit Facility, whether as beneficiaries under the Documents, as successors in interest of the Borrower or any of its Subsidiaries, or voluntary transfer in lieu of foreclosure, or otherwise howsoever, with respect to any Environmental Claims relating to the property of the Borrower or any of its Subsidiaries arising under any Environmental Laws as a result of the past, present or future operations of the Borrower or any of its Subsidiaries (or any predecessor in interest to the Borrower or its Subsidiaries) relating to the property of the Borrower or its Subsidiaries, or the past, present or future condition of any part of the property of the Borrower or its Subsidiaries owned, operated or leased by the Borrower or its Subsidiaries (or any such predecessor in interest), including any liabilities arising as a result of any indemnity covering Environmental Claims given to any person by the Lenders or the Agent or a receiver, receiver manager or similar person appointed hereunder or under applicable law (collectively, the "**Indemnified Third Party**"); but excluding any Environmental Claims or liabilities relating

thereto to the extent that such Environmental Claims or liabilities arise by reason of the gross negligence or wilful misconduct of the Indemnified Party or the Indemnified Third Party claiming indemnity hereunder. The provisions of this Section shall survive the repayment of the Obligations.

14.4 Judgment Currency

(1) If for the purpose of obtaining or enforcing judgment against the Borrower in any court in any jurisdiction, it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section referred to as the "**Judgment Currency**") an amount due in Canadian Dollars or United States Dollars under this Agreement, the conversion shall be made at the rate of exchange prevailing on the Banking Day immediately preceding:

(a) the date of actual payment of the amount due, in the case of any proceeding in the courts of any jurisdiction that will give effect to such conversion being made on such date; or

(b) the date on which the judgment is given, in the case of any proceeding in the courts of any other jurisdiction (the date as of which such conversion is made pursuant to this Section being hereinafter in this Section referred to as the "**Judgment Conversion Date**").

(2) If, in the case of any proceeding in the court of any jurisdiction referred to in Section 14.4(1)(b), there is a change in the rate of exchange prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the Borrower shall pay such additional amount (if any) as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of Canadian Dollars or United States Dollars, as the case may be, which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date.

(3) Any amount due from the Borrower under the provisions of Section 14.4(2) shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of this Agreement.

(4) The term "rate of exchange" in this Section 14.4 means the rate of exchange for Canadian interbank transactions in Canadian Dollars or United States Dollars, as the case may be, in the Judgment Currency published by the Bank of Canada at approximately the end of business (Toronto time) on the Banking Day immediately preceding the day in question, or if such rate is not so published by the Bank of Canada, such term shall mean the Equivalent Amount of the Judgment Currency.

ARTICLE 15 - THE AGENT AND ADMINISTRATION OF THE CREDIT FACILITIES

15.1 Authorization and Action

(1) Each Lender hereby irrevocably appoints and authorizes the Agent to be its agent in its name and on its behalf to exercise such rights or powers granted to the Agent or the Lenders under this Agreement to the extent specifically provided herein and on the terms hereof, together with such powers as are reasonably incidental thereto and the Agent hereby accepts such appointment and authorization. As to any matters not expressly provided for by this Agreement, the Agent shall not be required to exercise any discretion or take any action, but, subject to Section 16.10, shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority of the Lenders and such instructions shall be binding upon all Lenders; provided, however, that the Agent shall not be required to take any action which exposes the Agent to liability in such capacity or which could result in the Agent's incurring any costs and expenses, without provision being made for indemnity of the Agent by the Lenders against any loss, liability, cost or expense incurred, or to be incurred or which is contrary to this Agreement or applicable law.

(2) The Lenders agree that all decisions as to actions to be or not to be taken, as to consents or waivers to be given or not to be given, as to determinations to be made and otherwise in connection with this Agreement and the Documents, shall be made upon the decision of the Majority of the Lenders except in respect of a decision or determination where it is specifically provided in this Agreement that "all of the Lenders" or "the Lenders" or words to similar effect, or the Agent alone, is to be responsible for same. Each of the Lenders shall be bound by and agrees to abide by and adopt all decisions made as aforesaid and covenants in all communications with the Borrower to act in concert and to join in the action, consent, waiver, determination or other matter decided as aforesaid.

(3) For certainty, the Agent is authorized to execute and deliver the Security and any intercreditor required in connection with Additional Permitted Debt.

15.2 Procedure for Making Loans

(1) With respect to the Syndicated Facility, the Agent shall make Loans available to the Borrower as required hereunder by debiting the account of the Agent to which the Lenders' Rateable Portions of such Loans have been credited in accordance with Section 2.12 (or causing such account to be debited) and, in the absence of other arrangements agreed to by the Agent and the Borrower in writing, by crediting the account of the Borrower or, at the expense of the Borrower, transferring (or causing to be transferred) like funds in accordance with the instructions of the Borrower as set forth in the Drawdown Notice, Rollover Notice or Conversion Notice, as the case may be, in respect of each Loan; provided that the obligation of the Agent hereunder to effect such a transfer shall be limited to taking such steps as are commercially reasonable to implement such instructions, which steps once taken shall constitute conclusive and binding evidence that such funds were advanced hereunder in accordance with the provisions relating thereto and the Agent shall not be liable for any damages, claims or costs which may be suffered by the Borrower and occasioned by the failure of such Loan to reach the designated destination.

(2) With respect to the Syndicated Facility, unless the Agent has been notified by a Lender at least one Banking Day prior to the Drawdown Date, Rollover Date or Conversion Date, as the case may be, requested by the Borrower that such Lender will not make available to the Agent its Rateable Portion of such Loan, the Agent may assume that such Lender has made or will make such portion of the Loan available to the Agent on the Drawdown Date, Rollover Date or Conversion Date, as the case may be, in accordance with the provisions hereof and the Agent may, but shall be in no way obligated to, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent such Lender shall not have so made its Rateable Portion of a Loan available to the Agent, such Lender agrees to pay to the Agent forthwith on demand such Lender's Rateable Portion of the Loan and all reasonable costs and expenses incurred by the Agent in connection therewith together with interest thereon (at the rate payable hereunder by the Borrower in respect of such Loan or, in the case of funds made available in anticipation of a Lender remitting proceeds of a Bankers' Acceptance, at the rate of interest per annum applicable to Canadian Prime Rate Loans) for each day from the date such amount is made available to the Borrower until the date such amount is paid to the Agent; provided, however, that notwithstanding such obligation if such Lender fails to so pay, the Borrower covenants and agrees that, without prejudice to any rights the Borrower may have against such Lender, it shall repay such amount to the Agent forthwith after demand therefor by the Agent. The amount payable to the Agent pursuant hereto shall be set forth in a certificate delivered by the Agent to such Lender and the Borrower (which certificate shall contain reasonable details of how the amount payable is calculated) and shall be *prima facie* evidence thereof, in the absence of manifest error. If such Lender makes the payment to the Agent required herein, the amount so paid shall constitute such Lender's Rateable Portion of the Loan for purposes of this Agreement. The failure of any Lender to make its Rateable Portion of any Loan shall not relieve any other Lender of its obligation, if any, hereunder to make its Rateable Portion of such Loan on the Drawdown Date, Rollover Date or Conversion Date, as the case may be, but no Lender shall be responsible for the failure of any other Lender to make the Rateable Portion of any Loan to be made by such other Lender on the date of any Drawdown, Rollover or Conversion, as the case may be.

15.3 Remittance of Payments

Except for amounts payable to the Agent for its own account, forthwith after receipt of any repayment pursuant hereto or payment of interest or fees pursuant to Article 5 or payment pursuant to Article 8, the Agent shall remit to each applicable Lender its Rateable Portion of such payment; provided that, if the Agent, on the assumption that it will receive on any particular date a payment of principal, interest or fees hereunder, remits to a Lender its Rateable Portion of such payment and the Borrower fails to make such payment, each of the Lenders on receipt of such remittance from the Agent agrees to repay to the Agent forthwith on demand an amount equal to the remittance together with all reasonable costs and expenses incurred by the Agent in connection therewith and interest thereon at the rate and calculated in the manner applicable to the Loan in respect of which such payment is made, or, in the case of a remittance in respect of Bankers' Acceptances, at the rate of interest applicable to Canadian Prime Rate Loans for each day from the date such amount is remitted to the Lenders without prejudice to any right such Lender may have against the Borrower. The exact amount of the repayment required to be made by the Lenders pursuant hereto shall be as set forth in a certificate delivered by the Agent to each Lender, which certificate shall be conclusive and binding for all purposes in the absence of manifest error.

15.4 Redistribution of Payment

To the extent permitted by applicable law, each Lender agrees that:

(a) if the Lender exercises any security against or right of counter claim, set off or banker's lien or similar right with respect to the property of the Borrower or any Subsidiary or if under any applicable bankruptcy, insolvency or other similar law it receives a secured claim and collateral for which it is, or is entitled to exercise any set off against, a debt owed by it to the Borrower or any Subsidiary, the Lender shall apportion the amount thereof proportionately between:

(i) such Lender's Rateable Portion of all outstanding Obligations owing by the Borrower (including the face amounts at maturity of Bankers' Acceptances accepted by the Lenders), which amounts shall be applied in accordance with Section 15.4(b); and

(ii) amounts otherwise owed to such Lender by the Borrower and its Subsidiaries,

provided that (i) any cash collateral account held by such Lender as collateral for a letter of credit or bankers' acceptance issued or accepted by such Lender on behalf of the Borrower or a Subsidiary which is Permitted Debt may be applied by such Lender to such amounts owed by the Borrower or a Subsidiary, as the case may be, to such Lender pursuant to such letter of credit or in respect of any such bankers' acceptance without apportionment and (ii) these provisions do not apply to:

(A) a right or claim which arises or exists in respect of a loan or other debt in respect of which the relevant Lender holds a Security Interest which is a Permitted Encumbrance;

(B) cash collateral provided, or the exercise of rights of counterclaim, set-off or banker's lien or similar rights, in respect of account positioning arrangements for the Borrower and its Subsidiaries provided by a Lender in the ordinary course of business or in respect of other Bank Products provided by a Lender in the ordinary course of business;

(C) any reduction in amounts owing by a Lender (or its Hedging Affiliates) to the Borrower or a Subsidiary upon the termination of Lender Financial Instruments entered into with the relevant Lender (or its Hedging Affiliates); or

(D) any payment to which a Lender is entitled as a result of any credit derivative or other form of credit protection obtained by such Lender;

(b) if, in the aforementioned circumstances, the Lender, through the exercise of a right, or the receipt of a secured claim described in Section 15.4(a) above or otherwise,

receives payment of a proportion of the aggregate amount of Obligations due to it hereunder which is greater than the proportion received by any other Lender in respect of the aggregate Obligations due to the Lenders (having regard to the respective Rateable Portions of the Lenders), the Lender receiving such proportionately greater payment shall purchase, on a non-recourse basis at par, and make payment for a participation (which shall be deemed to have been done simultaneously with receipt of such payment) in the outstanding Loans of the other Lender or Lenders so that their respective receipts shall be pro rata to their respective Rateable Portions; provided, however, that if all or part of such proportionately greater payment received by such purchasing Lender shall be recovered by or on behalf of the Borrower or any trustee, liquidator, receiver or receiver manager or person with analogous powers from the purchasing Lender, such purchase shall be rescinded and the purchase price paid for such participation shall be returned to the extent of such recovery, but without interest unless the purchasing Lender is required to pay interest on such amount, in which case each selling Lender shall reimburse the purchasing Lender pro rata in relation to the amounts received by it. Such Lender shall exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section to share in the benefits of any recovery on such secured claims; and

(c) if the Lender does, or is required to do, any act or thing permitted by Section 15.4(a) or (b) above, it shall promptly provide full particulars thereof to the Agent.

15.5 Duties and Obligations

Neither the Agent nor any of its directors, officers, agents or employees (and, for purposes hereof, the Agent shall be deemed to be contracting as agent and trustee for and on behalf of such persons) shall be liable to the Lenders for any action taken or omitted to be taken by it or them under or in connection with this Agreement except for its or their own gross negligence or wilful misconduct. Without limiting the generality of the foregoing, the Agent:

(a) may assume that there has been no assignment or transfer by any means by the Lenders of their rights hereunder, unless and until the Agent receives written notice of the assignment thereof from such Lender and the Agent receives from the assignee an executed Assignment Agreement providing, *inter alia*, that such assignee is bound hereby as it would have been if it had been an original Lender party hereto;

(b) may consult with legal counsel (including receiving the opinions of Borrower' counsel and Lenders' Counsel required hereunder), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts;

(c) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by

telegram, cable, telecopier or telex) believed by it to be genuine and signed or sent by the proper party or parties or by acting upon any representation or warranty of the Borrower made or deemed to be made hereunder;

(d) may assume that no Default or Event of Default has occurred and is continuing unless it has actual knowledge to the contrary;

(e) may rely as to any matters of fact which might reasonably be expected to be within the knowledge of any person upon a certificate signed by or on behalf of such person;

(f) shall not be bound to disclose to any other person any information relating to the Borrower, any of its Subsidiaries or any other person if such disclosure would or might in its opinion constitute a breach of any applicable law, be in default of the provisions hereof or be otherwise actionable at the suit of any other person; and

(g) may refrain from exercising any right, power or discretion vested in it which would or might in its reasonable opinion be contrary to any applicable law or any directive or otherwise render it liable to any person, and may do anything which is in its reasonable opinion necessary to comply with such applicable law.

Further, the Agent (i) does not make any warranty or representation to any Lender nor shall it be responsible to any Lender for the accuracy or completeness of the representations and warranties of the Borrower herein or the data made available to any of the Lenders in connection with the negotiation of this Agreement, or for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (ii) shall not have any duty to ascertain or to enquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower or any of its Subsidiaries; and (iii) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any instrument or document furnished pursuant hereto.

15.6 Prompt Notice to the Lenders

Notwithstanding any other provision herein, the Agent agrees to provide to the Lenders, with copies where appropriate, all information, notices and reports required to be given to the Agent by the Borrower, promptly upon receipt of same, excepting therefrom information and notices relating solely to the role of Agent hereunder.

15.7 Agent's and Lenders' Authorities

With respect to its Commitments and the Drawdowns, Rollovers, Conversions and Loans made by it as a Lender, the Agent shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent. Subject to the express provisions hereof relating to the rights and obligations of the Agent and the Lenders in such capacities, the Agent and each Lender may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower and its Subsidiaries or any

corporation or other entity owned or controlled by any of them and any person which may do business with any of them without any duties to account therefor to the Agent or the other Lenders and, in the case of the Agent, all as if it was not the Agent hereunder.

15.8 Lender Credit Decision

It is understood and agreed by each Lender that it has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, condition, affairs, status and nature of the Borrower and its Subsidiaries. Each Lender represents to the Agent that it is engaged in the business of making and evaluating the risks associated with commercial revolving loans or term loans, or both, to corporations similar to the Borrower, that it can bear the economic risks related to the transaction contemplated hereby, that it has had access to all information deemed necessary by it in making such decision (provided that this representation shall not impair its rights against the Borrower) and that it is entering into this Agreement in the ordinary course of its commercial lending business. Accordingly, each Lender confirms with the Agent that it has not relied, and will not hereafter rely, on the Agent (i) to check or enquire on its behalf into the adequacy, accuracy or completeness of any information provided by the Borrower or any other person under or in connection with this Agreement or the transactions herein contemplated (whether or not such information has been or is hereafter distributed to such Lender by the Agent), or (ii) to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Borrower or any of its Subsidiaries. Each Lender acknowledges that a copy of this Agreement has been made available to it for review and each Lender acknowledges that it is satisfied with the form and substance of this Agreement. Each Lender hereby covenants and agrees that, subject to Section 15.4, it will not make any arrangements with the Borrower for the satisfaction of any Loans or other Obligations without the consent of all the other Lenders.

15.9 Indemnification of Agent

The Lenders hereby agree to indemnify the Agent (to the extent not reimbursed by the Borrower), on a *pro rata* basis in accordance with their respective Commitments as a proportion of the aggregate of all outstanding Commitments, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent under or in respect of this Agreement in its capacity as Agent; provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs expenses or disbursements resulting from the Agent's gross negligence or wilful misconduct. If the Borrower subsequently repays all or a portion of such amounts to the Agent, the Agent shall reimburse the Lenders their *pro rata* shares (according to the amounts paid by them in respect thereof) of the amounts received from the Borrower. Without limiting the generality of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its portion (determined as above) of any out-of-pocket expenses (including counsel fees) incurred by the Agent in connection with the preservation of any rights of the Agent or the Lenders under, or the enforcement of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Agent is not reimbursed for such expenses by the Borrower.

15.10 Successor Agent

The Agent may, as hereinafter provided, resign at any time by giving 45 days' prior written notice thereof to the Lenders and the Borrower. Upon any such resignation, the Lenders shall, after soliciting the views of the Borrower, have the right to appoint another Lender as a successor agent (the "**Successor Agent**") who shall be acceptable to the Borrower, acting reasonably. If no Successor Agent shall have been so appointed by the Lenders and shall have accepted such appointment within 30 days after the retiring Agent's giving of notice of resignation, then the retiring Agent shall, on behalf of the Lenders, appoint a Successor Agent who shall be a Lender acceptable to the Borrower, acting reasonably. Upon the acceptance of any appointment as Agent hereunder by a Successor Agent, such Successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall thereupon be discharged from its further duties and obligations as Agent under this Agreement. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article shall continue to enure to its benefit as to any actions taken or omitted to be taken by it as Agent or in its capacity as Agent while it was Agent hereunder.

15.11 Taking and Enforcement of Remedies

Each of the Lenders hereby acknowledges that, to the extent permitted by applicable law, the remedies provided hereunder to the Lenders are for the benefit of the Lenders collectively and acting together and not severally and further acknowledges that its rights hereunder are to be exercised not severally, but collectively by the Agent upon the decision of the Majority of the Lenders regardless of whether acceleration was made pursuant to Section 12.2. Notwithstanding any of the provisions contained herein, each of the Lenders hereby covenants and agrees that it shall not be entitled to individually take any action with respect to either Credit Facility, including, without limitation, any acceleration under Section 12.2, but that any such action shall be taken only by the Agent with the prior written agreement or instructions of the Majority of the Lenders; provided that, notwithstanding the foregoing, if (a) the Agent, having been adequately indemnified against costs and expenses of so doing by the Lenders, shall fail to carry out any such instructions of a Majority of the Lenders, any Lender may do so on behalf of all Lenders and shall, in so doing, be entitled to the benefit of all protections given the Agent hereunder or elsewhere, and (b) in the absence of instructions from the Majority of the Lenders and where in the sole opinion of the Agent the exigencies of the situation warrant such action, the Agent may without notice to or consent of the Lenders or any of them take such action on behalf of the Lenders as it deems appropriate or desirable in the interests of the Lenders. Each of the Lenders hereby further covenants and agrees that upon any such written consent being given by the Majority of the Lenders, or upon a Lender or the Agent taking action as aforesaid, it shall cooperate fully with the Lender or the Agent to the extent requested by the Lender or the Agent in the collective realization including, without limitation, and, if applicable, the appointment of a receiver, or receiver and manager to act for their collective benefit. Each Lender covenants and agrees to do all acts and things and to make, execute and deliver all agreements and other instruments, including, without limitation, any instruments necessary to effect any registrations, so as to fully carry out the intent and purpose of this Section; and each of the Lenders hereby covenants and agrees that, subject to Section 5.7, Section 15.4 and Section 10.2(b) it has not heretofore and shall not seek, take, accept or receive any security for any of the obligations and liabilities of the Borrower hereunder or under any other document, instrument, writing or agreement ancillary hereto and shall not enter into any

agreement with any of the parties hereto or thereto relating in any manner whatsoever to the Credit Facilities, unless all of the Lenders shall at the same time obtain the benefit of any such security or agreement.

With respect to any enforcement, realization or the taking of any rights or remedies to enforce the rights of the Lenders hereunder, the Agent shall be a trustee for each Lender, and all monies received from time to time by the Agent in respect of the foregoing shall be held in trust and shall be trust assets within the meaning of applicable bankruptcy or insolvency legislation and shall be considered for the purposes of such legislation to be held separate and apart from the other assets of the Agent, and each Lender shall be entitled to their Rateable Portion of such monies. In its capacity as trustee, the Agent shall be obliged to exercise only the degree of care it would exercise in the conduct and management of its own business and in accordance with its usual practice concurrently employed or hereafter instituted for other substantial commercial loans.

15.12 Reliance Upon Agent

The Borrower shall be entitled to rely upon any certificate, notice or other document or other advice, statement or instruction provided to it by the Agent pursuant to this Agreement, and the Borrower shall generally be entitled to deal with the Agent with respect to matters under this Agreement which the Agent is authorized to deal with without any obligation whatsoever to satisfy itself as to the authority of the Agent to act on behalf of the Lenders and without any liability whatsoever to the Lenders for relying upon any certificate, notice or other document or other advice, statement or instruction provided to it by the Agent, notwithstanding any lack of authority of the Agent to provide the same.

15.13 No Liability of Agent

The Agent shall have no responsibility or liability to the Borrower on account of the failure of any Lender to perform its obligations hereunder (unless such failure was caused, in whole or in part, by the Agent's failure to observe or perform its obligations hereunder), or to any Lender on account of the failure of the Borrower or any Lender to perform its obligations hereunder.

15.14 The Agent and Defaulting Lenders

(1) Each Defaulting Lender shall be required to provide to the Agent cash in an amount, as shall be determined from time to time by the Agent in its discretion, equal to all obligations of such Defaulting Lender to the Agent that are owing or, in the case of contingent obligations under any outstanding Fronted LCs (after giving effect to the reallocation provisions in Section 16.2), may become owing to the Agent or the Fronting Lender, as applicable, pursuant to this Agreement, including such Defaulting Lender's obligation to pay its Rateable Portion of any indemnification or expense reimbursement amounts not paid by the Borrower. Such cash shall be held by the Agent in one or more cash collateral accounts, which accounts shall be in the name of the Agent and shall not be required to be interest bearing. The Agent shall be entitled to apply the foregoing cash in accordance with Section 15.9.

(2) In addition to the indemnity and reimbursement obligations noted in Section 15.9, the Lenders agree to indemnify the Agent (to the extent not reimbursed by the Borrower and without limiting the obligations of the Borrower hereunder) rateably according to their respective

Rateable Portions (and in calculating the Rateable Portion of a Lender, ignoring the Commitments of Defaulting Lenders) any amount that a Defaulting Lender fails to pay the Agent and which is due and owing to the Agent pursuant to Section 15.9. Each Defaulting Lender agrees to indemnify each other Lender for any amounts paid by such Lender and which would otherwise be payable by the Defaulting Lender.

(3) The Agent shall be entitled to set off any Defaulting Lender's Rateable Portion of all payments received from the Borrower against such Defaulting Lender's obligations to fund payments and Loans required to be made by it and to purchase participations required to be purchased by it in each case under this Agreement and the other Documents. The Agent shall be entitled to withhold and deposit in one or more non-interest bearing cash collateral accounts in the name of the Agent all amounts (whether principal, interest, fees or otherwise) received by the Agent and due to a Defaulting Lender pursuant to this Agreement, which amounts shall be used by the Agent:

(a) first, to reimburse the Agent for any amounts owing to it by the Defaulting Lender pursuant to any Document;

(b) second, to repay on a pro rata basis any (i) Loans made by a Lender pursuant to Section 14.2(a) in order to fund a shortfall created by a Defaulting Lender which repayment shall be in the form of an assignment by each such Lender of such Loan to the Defaulting Lender against receipt of such repayment, and (ii) any payments made by a Lender pursuant to Section 15.14(2) in order to fund a shortfall created by a Defaulting Lender;

(c) third, to cash collateralize all other obligations of such Defaulting Lender to the Agent or the Fronting Lender owing pursuant to this Agreement in such amount as shall be determined from time to time by the Agent in its discretion, including such Defaulting Lender's obligation to pay its Rateable Portion of any indemnification or expense reimbursement amounts not paid by the Borrower; and

(d) fourth, to fund from time to time the Defaulting Lender's Rateable Portion of Loans.

(4) For greater certainty and in addition to the foregoing, neither the Agent nor any of its Affiliates nor any of their respective shareholders, officers, directors, employees, agents or representatives shall be liable to any Lender (including, without limitation, a Defaulting Lender) for any action taken or omitted to be taken by it in connection with amounts payable by the Borrower to a Defaulting Lender and received and deposited by the Agent in a cash collateral account and applied in accordance with the provisions of this Agreement, save and except for the gross negligence or wilful misconduct of the Agent as determined by a final non-appealable judgement of a court of competent jurisdiction.

15.15 Article for Benefit of Agent and Lenders

The provisions of this Article 15 which relate to the rights and obligations of the Lenders to each other or to the rights and obligations between the Agent and the Lenders shall be for the exclusive benefit of the Agent and the Lenders, and, except to the extent provided in

Sections 15.1, 15.2, 15.6, 15.10, 15.11, 15.12, 15.13, 15.14 and this Section 15.15, the Borrower shall not have any rights or obligations thereunder or be entitled to rely for any purpose upon such provisions. Any Lender may waive in writing any right or rights which it may have against the Agent or the other Lenders hereunder without the consent of or notice to the Borrower.

ARTICLE 16 - GENERAL

16.1 Exchange and Confidentiality of Information

(1) The Borrower agrees that the Agent and each Lender may provide any assignee or participant or any bona fide prospective assignee or participant pursuant to Sections 16.6 or 16.7 with any information concerning the Borrower and its Subsidiaries provided such party agrees in writing with the Agent or such Lender for the benefit of the Borrower to be bound by a like duty of confidentiality to that contained in this Section.

(2) Each of the Agent and the Lenders acknowledges the confidential nature of the financial, operational and other information and data provided and to be provided to them by the Borrower pursuant hereto (the "**Information**") and agrees to use all reasonable efforts to prevent the disclosure thereof provided, however, that:

(a) the Agent and the Lenders may disclose all or any part of the Information if, in their reasonable opinion, such disclosure is required in connection with any actual or threatened judicial, administrative or governmental proceedings including, without limitation, proceedings initiated under or in respect of this Agreement;

(b) the Agent and the Lenders shall incur no liability in respect of any Information required to be disclosed by any applicable law or regulation, or by applicable order, policy or directive having the force of law, to the extent of such requirement;

(c) the Agent and the Lenders may provide Lenders' Counsel and their other agents and professional advisors with any Information; provided that such persons shall be under a like duty of confidentiality to that contained in this Section;

(d) the Agent and each of the Lenders shall incur no liability in respect of any Information: (i) which is or becomes readily available to the public (other than by a breach hereof) or which has been made readily available to the public by the Borrower or its Subsidiaries, (ii) which the Agent or the relevant Lender can show was, prior to receipt thereof from the Borrower, lawfully in the Agent's or Lender's possession and not then subject to any obligation on its part to the Borrower to maintain confidentiality, or (iii) which the Agent or the relevant Lender received from a third party who was not, to the knowledge of the Agent or such Lender, under a duty of confidentiality to the Borrower at the time the information was so received;

(e) the Agent and the Lenders may disclose the Information to (i) any of their respective Affiliates and (ii) other financial institutions in connection with the syndication by the Agent or Lenders of the Credit Facilities or the granting by a Lender of a participation in the Credit Facilities, in each case, where such Affiliate

or financial institution agrees to be under a like duty of confidentiality to that contained in this Section; and

(f) the Agent and the Lenders may disclose all or any part of the Information so as to enable the Agent and the Lenders to initiate any lawsuit against the Borrower or to defend any lawsuit commenced by the Borrower the issues of which touch on the Information, but only to the extent such disclosure is necessary to the initiation or defense of such lawsuit.

Notwithstanding the foregoing, Export Development Canada ("**EDC**") shall not be prohibited from, or required to inform any party hereto of, disclosures made by it (i) to the Minister for International Trade, the Treasury Board, the Auditor General of Canada or pursuant to any of Canada's or EDC's international commitments, or (ii) under EDC's Disclosure Policy.

16.2 Nature of Obligation under this Agreement; Defaulting Lenders

(1) The obligations of each Lender and of the Agent under this Agreement are several. The failure of any Lender to carry out its obligations hereunder shall not relieve the other Lenders, the Agent or the Borrower of any of their respective obligations hereunder.

(2) Without derogating from the operation of Section 15.14 and this Section 16.2, neither the Agent nor any Lender shall be responsible for the obligations of any other Lender hereunder.

(3) Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) the standby fees payable pursuant to Section 5.6 shall cease to accrue on the unused portion of the Commitment of such Defaulting Lender;

(b) a Defaulting Lender shall not be included in determining whether, and the Commitment and the Rateable Portion of the Outstanding Principal of such Defaulting Lender shall not be included in determining whether, all Lenders or the Majority of the Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 16.10), provided that any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that materially and adversely affects such Defaulting Lender differently than other affected Lenders shall require the consent of such Defaulting Lender; and

(c) for the avoidance of doubt, the Borrower shall retain and reserve its other rights and remedies respecting each Defaulting Lender.

(4) If the Agent has actual knowledge that a Lender is a Defaulting Lender at the time that the Agent receives a Drawdown Notice or a Rollover Notice that relates to a Fronted LC, then each other Lender under the Syndicated Facility (each a "**Non-Defaulting Lender**") shall fund its Rateable Portion of such affected Loan (and, in calculating such Rateable Portion, the Agent shall

ignore the Commitment of each such Defaulting Lender); provided that, for certainty, no Lender shall be obligated by this Section to make or provide Loans in excess of its Commitment under the Syndicated Facility. If the Agent acquires actual knowledge that a Lender is a Defaulting Lender at any time after the Agent receives a Drawdown Notice or a Rollover Notice that relates to a Fronted LC, then the Agent shall promptly notify the Borrower that such Lender is a Defaulting Lender (and such Lender shall be deemed to have consented to such disclosure). Each Defaulting Lender agrees to indemnify each other Lender for any amounts paid by such Lender under this Section 16.2(4) and which would otherwise have been paid by the Defaulting Lender if its Commitment under the Syndicated Facility had been included in determining the Rateable Portions of such affected Loans.

(5) If any Fronted LC is outstanding at the time that a Lender becomes a Defaulting Lender then:

(a) all or any part of such Defaulting Lender's Rateable Portion of such Fronted LC shall be re-allocated among the Non-Defaulting Lenders in accordance with their respective Rateable Portions; provided that such re-allocation may only be effected if and to the extent that (i) such re-allocation would not cause any Non-Defaulting Lender's Rateable Portion of all Loans to exceed its applicable Commitment and (ii) the conditions precedent in Section 3.1 are satisfied at such time;

(b) to the extent permitted by applicable law, if the re-allocation described in clause (a) above cannot be effected, or can only partially be effected, then such Defaulting Lender shall, within one Banking Day following notice by the Agent, provide cash collateral for such Defaulting Lender's Rateable Portion of such Letter of Credit (after giving effect to any partial re-allocation pursuant to clause (a) above) in accordance with the procedures set forth in Section 15.14 for so long as such Letter of Credit is outstanding; and

(c) if the Rateable Portions of the Non-Defaulting Lenders are re-allocated pursuant to this Section 16.2(5), then the issuance fees payable to the Lenders pursuant to Section 7.8 shall be adjusted to give effect to such re-allocations in accordance with each such Non-Defaulting Lender's Rateable Portions.

(6) So long as any Lender is a Defaulting Lender, the Fronting Lender shall not be required to issue, amend or increase any Fronted LC unless the Fronting Lender is satisfied that the related exposure will be 100% covered by the Commitments of the Non-Defaulting Lenders and/or cash collateralized in accordance with Section 15.14, and participating interests in any such newly issued or increased Letter of Credit shall be allocated among Non-Defaulting Lenders in a manner consistent with Section 16.2(4) or 16.2(5)(a) as applicable (and the Defaulting Lenders shall not participate therein).

(7) If any Lender shall cease to be a Defaulting Lender, then, upon becoming aware of the same, the Agent shall notify the Non-Defaulting Lenders and (in accordance with the written direction of the Agent) such Lender (which has ceased to be a Defaulting Lender) shall purchase, and the Non-Defaulting Lenders shall on a rateable basis sell and assign to such Lender, portions of

such Loans equal in total to such Lender's Rateable Portion thereof without regard to Section 16.2(4).

16.3 Notices

Any demand, notice or communication to be made or given hereunder shall be in writing and may be made or given by personal delivery or by transmittal by telecopy or other electronic means of communication addressed to the respective parties as follows:

To the Borrower:

Calfrac Well Services Ltd.
411 - 8th Avenue S.W.
Calgary, Alberta
T2P 1E3

Attention: Chief Financial Officer
Facsimile: (403) 266-7381

With a copy to:

Calfrac Well Services Ltd.
411 - 8th Avenue S.W.
Calgary, Alberta
T2P 1E3

Attention: General Counsel
Facsimile: (403) 266-7381

To the Agent:

HSBC Bank Canada, as Agent
6th Floor, 70 York Street
Toronto, Ontario M5J 1S9

Attention: Agency Services
Facsimile: (647) 788-2185

with a copy, in the case of each demand, notice or communication to the Agent other than Drawdown Notices, Conversion Notices, Rollover Notices and Repayment Notices, to:

HSBC Bank Canada
407 – 8th Avenue S.W.
Calgary, Alberta
T2P 1E5

Attention: Vice President

Facsimile: (403) 693-8556

To each Lender: As set forth in the most recent administrative questionnaire or other written notification provided to the Agent by such Lender (a copy of which shall be provided to the Borrower upon request to the Agent)

To the Operating Lender:

HSBC Bank Canada
407 – 8th Avenue S.W.
Calgary, Alberta
T2P 1E5

Attention: Vice President
Facsimile: (403) 693-8556

or to such other address or telecopy number as any party may from time to time notify the others in accordance with this Section. Any demand, notice or communication made or given by personal delivery or by telecopier or other electronic means of communication during normal business hours at the place of receipt on a Banking Day shall be conclusively deemed to have been made or given at the time of actual delivery or transmittal, as the case may be, on such Banking Day. Any demand, notice or communication made or given by personal delivery or by telecopier or other electronic means of communication after normal business hours at the place of receipt or otherwise than on a Banking Day shall be conclusively deemed to have been made or given at 9:00 a.m. (Calgary time) on the first Banking Day following actual delivery or transmittal, as the case may be.

16.4 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where property or assets of the Borrower may be found.

16.5 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the Borrower, the Lenders, the Agent and their respective successors and permitted assigns.

16.6 Assignment

Any Lender may, without consent during the continuance of an Event of Default and at all other times with the prior written consent of each of the Borrower, the Agent and the Fronting Lender, if applicable, which consents shall not be unreasonably withheld, sell, assign, transfer or grant an interest in its Commitments (in a minimum amount of Cdn.$5,000,000), its Rateable Portion of the Loans and its rights under the Documents; provided that, without the consent of the Borrower, the Agent and the Fronting Lender, if applicable, no Lender shall sell, assign, transfer or grant an interest in any Commitment, Loan or Document if the effect of the same

would be to have a Lender with aggregate Commitments of less than Cdn.$5,000,000 and further provided that, it shall be a precondition to any such sale, assignment, transfer or grant that the contemplated assignor Lender shall have paid to the Agent, for the Agent's own account, a transfer fee of Cdn.$3,500. Upon any such sale, assignment, transfer or grant, the granting Lender shall have no further obligation hereunder with respect to such interest. Upon any such sale, assignment, transfer or grant, the granting Lender, the new Lender, the Agent, the Fronting Lender, if applicable, and the Borrower shall execute and deliver an Assignment Agreement. The Borrower shall not assign its rights or obligations hereunder without the prior written consent of all of the Lenders.

16.7 Participations

Any Lender may, without the consent of the Borrower, grant one or more participations in its Commitments and its Rateable Portion of the Loans to other persons, provided that the granting of such a participation: (a) shall be at the Lender's own cost, (b) shall not affect the obligations of such Lender hereunder nor shall it increase the costs to the Borrower hereunder or under any of the other Documents, and (c) shall not provide the participant with any right to approve the provision by the Lender of any consent, waiver or approval hereunder or require the Borrower to deal directly with such participant.

16.8 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

16.9 Whole Agreement

This Agreement and the other Documents constitute the whole and entire agreement between the parties hereto regarding the subject matter hereof and thereof and cancel and supersede any prior agreements (including, without limitation, any commitment letters), undertakings, declarations, commitments, representations, written or oral, in respect thereof.

16.10 Amendments and Waivers

Any provision of this Agreement may be amended only if the Borrower and the Majority of the Lenders so agree in writing and, except as otherwise specifically provided herein, may be waived only if the Majority of the Lenders (excluding any Defaulting Lenders) so agree in writing, but:

(a) an amendment or waiver which changes or relates to (i) subject to the provisions contained in Section 2.23, the amount of the Loans available hereunder (or decreases in the period of notice for Drawdowns, Conversions, Rollovers or voluntary prepayment of Loans under the Syndicated Facility) or any Lender's Commitment, (ii) decreases in the rates of or deferral of the dates of payment of interest, Bankers' Acceptance or Letter of Credit fees, or mandatory repayments of principal, (iii) decreases in the amount of or deferral of the dates of payment of fees

hereunder (other than fees payable for the account of Agent), (iv) the definition of "Majority of the Lenders", (v) any provision hereof contemplating or requiring consent, approval or agreement of "all Lenders", "the Lenders" or similar expressions or permitting waiver of conditions or covenants or agreements by "all Lenders", "the Lenders" or similar expressions, (vi) Section 2.20 or the definition of "Event of Default", (vii) the release or discharge of, or any material amendment or waiver of, any Security, except for the discharge of Security required in connection with any disposition permitted by this Agreement or permitted by the Lenders, (viii) the conditions precedent to Drawdowns, or (ix) this Section, shall require the agreement or waiver of all the Lenders (excluding any Defaulting Lenders) and also (in the case of an amendment) of the other parties hereto; and

(b) an amendment or waiver which changes or relates to the rights and/or obligations of the Agent shall also require the agreement of the Agent thereto.

Any such waiver and any consent by the Agent, any Lender, the Majority of the Lenders or all of the Lenders under any provision of this Agreement must be in writing and may be given subject to any conditions thought fit by the person giving that waiver or consent. Any waiver or consent shall be effective only in the instance and for the purpose for which it is given.

16.11 Further Assurances

The Borrower, the Lenders and the Agent shall promptly cure any default by it in the execution and delivery of this Agreement, the other Documents or any of the agreements provided for hereunder to which it is a party. The Borrower, at its expense, shall promptly execute and deliver to the Agent, upon request by the Agent (acting reasonably), all such other and further deeds, agreements, opinions, certificates, instruments, affidavits, registration materials and other documents reasonably necessary for the Borrower's compliance with, or accomplishment of the covenants and agreements of the Borrower hereunder or more fully to state the obligations of the Borrower as set out herein or to make any registration, recording, file any notice or obtain any consent, all as may be reasonably necessary or appropriate in connection therewith.

16.12 Attornment

The parties hereto each hereby attorn and submit to the jurisdiction of the courts of the Province of Alberta in regard to legal proceedings relating to the Documents. For the purpose of all such legal proceedings, this Agreement shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have jurisdiction to entertain any action arising under this Agreement. Notwithstanding the foregoing, nothing in this Section shall be construed nor operate to limit the right of any party hereto to commence any action relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action or matter relating hereto.

16.13 Time of the Essence

Time shall be of the essence of this Agreement.

16.14 Amended and Restated Credit Agreement Governs

In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the other Documents, the provisions of this Agreement, to the extent of the conflict or inconsistency, shall govern and prevail.

16.15 Anti-Money Laundering Laws

(1) The Borrower acknowledges that, pursuant to Anti-Money Laundering Laws, the Lenders and the Agent may be required to obtain, verify and record information regarding the Borrower and its Subsidiaries and their respective directors, authorized signing officers, direct or indirect shareholders or other persons in control of the Borrower or any of its Subsidiaries, and the transactions contemplated hereby. The Borrower shall, with respect to direct or indirect shareholders or other persons in control of the Borrower, use commercially reasonably efforts to, promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or the Agent, or any prospective assignee or participant of a Lender or the Agent, in order to comply with any applicable Anti-Money Laundering Laws, whether now or hereafter in existence.

(2) If the Agent has ascertained the identity of the Borrower or any of its Subsidiaries or any authorized signatories such persons for the purposes of applicable Anti-Money Laundering Laws, then the Agent:

(a) shall be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a "written agreement" in such regard between each Lender and the Agent within the meaning of applicable Anti-Money Laundering Laws; and

(b) shall provide to each Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the preceding sentence and except as may otherwise be agreed in writing, each of the Lenders agrees that the Agent has no obligation to ascertain the identity of the Borrower or any of its Subsidiaries or any authorized signatories of such persons on behalf of any Lender or to confirm the completeness or accuracy of any information it obtains from any such persons or any such authorized signatory in doing so.

16.16 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in any Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

16.17 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of manually executed counterpart of this Agreement.

[The remainder of this page has been intentionally left blank]

“

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first written above.

CALFRAC WELL SERVICES LTD.

By: _____
Name: Michael Olmek
Title: Chief Financial Officer

By: _____
Name:
Title:

LENDERS:

HSBC BANK CANADA

By: _____
Name: ~~John Schmidt~~
Title: Assistant Vice President
Energy Financing

By: _____
Name: ~~BRUCE ROBINSON~~
Title: Vice President
Energy Financing

ATB FINANCIAL

By: _____

Name: Amish Patel
Title: Director, Energy Services

By: _____

Name: Philip Zhu
Title: Director, Energy Services

ROYAL BANK OF CANADA

By: _____

Name: Bryn R. Davies

Title: Authorized Signatory

By: _____

Name:

Title:

CANADIAN IMPERIAL BANK OF COMMERCE

By: _____
Name: Ryan Shea
Title: Director

By: _____
Name:
Title: Graydon Falls
Executive Director

EXPORT DEVELOPMENT CANADA

By: _____

Name: Christopher Wilson
Title: Senior Financing Manager

By: _____

Name: Philip Sauvé
Title: Financing Manager

THE BANK OF NOVA SCOTIA

By: _____
Name: Jessica Rempel
Title: Director, Execution, National Accounts

By: _____
Name: Jody Korpan
Title: Director & Head, National Accounts

AGENT:

HSBC BANK CANADA,
in its capacity as the Agent

By: _____
Name: Christine Stockman
Title: Authorized Signatory

By: _____
Name: Philip Allen
Title:

SCHEDULE A

LENDERS AND COMMITMENTS

Lender	Operating Facility Commitment	Syndicated Facility Commitment
HSBC Bank Canada	Cdn.$40,000,000	Cdn.$76,528,000
Royal Bank of Canada	N/A	Cdn.$67,569,000
ATB Financial	N/A	Cdn.$60,000,000
The Bank of Nova Scotia	N/A	Cdn.$48,264,000
Export Development Canada	N/A	Cdn.$48,264,000
Canadian Imperial Bank of Commerce	N/A	Cdn.$34,375,000
Total:	Cdn.$40,000,000	Cdn.$335,000,000

SCHEDULE B

LENDER ASSIGNMENT AGREEMENT

THIS LENDER ASSIGNMENT AGREEMENT is made as of the **[●]** day of **[●]**, **[●]**

BETWEEN:

[●]

(hereinafter referred to as the "**Assignor**"),

OF THE FIRST PART,

- and -

[●]

(hereinafter referred to as the "**Assignee**"),

OF THE SECOND PART,

- and -

CALFRAC WELL SERVICES LTD., a corporation existing under the laws of the Province of Alberta (hereinafter sometimes referred to as the "**Borrower**"),

OF THE THIRD PART,

- and -

HSBC BANK CANADA, a Canadian chartered bank, as agent of the Lenders (hereinafter referred to as the "**Agent**"),

OF THE FOURTH PART,

- and -

ROYAL BANK OF CANADA, as Fronting Lender in connection with the Syndicated Facility (hereinafter referred to as the "**Fronting Lender**"),

OF THE FIFTH PART.

WHEREAS the Assignor is a Lender under the Amended and Restated Credit Agreement made as of September 29, 2009, as amended and restated as of December 22, 2009, as further amended and restated as of September 27, 2011, as further amended and restated as of October 10, 2012, as further amended and restated as of February 18, 2015, as further amended and

restated as of September 27, 2017 and as further amended and restated as of April 30, 2019 between the Borrower, the Lenders and the Agent (as further amended, modified, supplemented or restated from time to time, the "**Credit Agreement**");

AND WHEREAS the Assignor has agreed to assign and transfer to the Assignee certain rights under the Credit Agreement in compliance with the Credit Agreement, and the Assignee has agreed to accept such rights and assume certain obligations of the Assignor under the Credit Agreement;

AND WHEREAS this Agreement is delivered pursuant to Section 16.6 of the Credit Agreement.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration (the receipt and sufficiency of which are hereby conclusively acknowledged), the parties hereby agree as follows:

1. **INTERPRETATION**

(a) In this Agreement, including the recitals, capitalized terms used herein, and not otherwise defined herein, shall have the same meanings attributed thereto as set forth in the Credit Agreement. In addition, the following terms shall have the following meanings:

(i) "**Assigned Commitment**" has the meaning set forth in Section 2 hereof;

(ii) "**Assigned Interests**" has the meaning set forth in Section 2 hereof;

(iii) "**Assumed Obligations**" has the meaning set forth in Section 4 hereof; and

(iv) "**Outstanding Libor Loans and Assignor BAs**" has the meaning set forth in Section 3 hereof.

(b) The division of this Agreement into Articles, Sections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

(c) In this Agreement:

(i) the terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer, unless otherwise specified, to this Lender Assignment Agreement taken as a whole and not to any particular section, subsection or paragraph;

(ii) words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa; and

(iii) words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

(d) This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of the Province of Alberta, without prejudice to the rights of the parties to take proceedings in any other jurisdictions.

(e) If any provision of this Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction, it shall not affect the validity, legality or enforceability of any such provision in any other jurisdiction or the validity, legality or enforceability of any other provision of this Agreement.

2. ASSIGNMENT OF RIGHTS BY ASSIGNOR

Effective as of the date hereof, the Assignor hereby absolutely assigns and transfers to the Assignee:

(a) subject to Section 3(a) hereof, **[all OR [●]% of all]** of the Assignor's right, title and interest in, to and under each of the outstanding Loans and other Obligations owing by the Borrower to the Assignor under the ● Facility, as more particularly described in Exhibit A attached hereto; and

(b) **[all OR [●]%]** of the Assignor's **[●]** Facility Commitment, being Cdn. $**[●]** of such Commitment (the "**Assigned Commitment**"),

together with all of the Assignor's other rights under the Credit Agreement and the other Documents but only insofar as such other rights relate to (a) and (b) above (collectively, the "**Assigned Interests**").

3. OUTSTANDING LIBOR LOANS AND ASSIGNOR BAs

(a) The parties hereby acknowledge that, on the date hereof, Libor Loans and Bankers' Acceptances accepted by the Assignor and each having terms to maturity ending on or after the date hereof may be outstanding (collectively, the "**Outstanding Libor Loans and Assignor BAs**"). Notwithstanding any provision of the Credit Agreement or this Agreement, the Assignee shall have no right, title, benefit or interest in or to any Outstanding Libor Loans and Assignor BAs. The Assignee shall assume no liability or obligation to the Assignor in respect of such Outstanding Libor Loans and Assignor BAs, including in respect of the failure of the Borrower to reimburse the Assignor for any Bankers' Acceptances accepted by the Assignor on the maturity thereof or any fees or other amounts due in respect thereof.

(b) From time to time, as the Outstanding Libor Loans and Assignor BAs mature and Rollovers and Conversions are made by the Borrower in respect thereof, the

Assignee shall participate in the Loans effecting such Rollovers and Conversions to the full extent of its Assigned Commitment in its capacity as a Lender.

4. ASSUMPTION OF OBLIGATIONS BY ASSIGNEE

The Assignee assumes and covenants and agrees to be responsible for all obligations relating to the Assigned Interests to the extent such obligations arise or accrue on or after the date hereof (collectively, the "**Assumed Obligations**") and agrees that it will be bound by the Credit Agreement and the other Documents to the extent of the Assumed Obligations as fully as if it had been an original party to the Credit Agreement.

5. CREDIT AGREEMENT REFERENCES; NOTICES

Effective as of the date hereof:

(a) the Assignee shall be a Lender for all purposes of the Credit Agreement and the other Documents and all references therein to "Lenders" or "a Lender" shall be deemed to include the Assignee;

(b) the **[●]** Facility Commitment of the Assignee shall be the Assigned Commitment and all references in the Credit Agreement to "**[●]** Facility Commitment" of the Assignee shall be deemed to be to the Assigned Commitment;

(c) any demand, notice or communication to be given to the Assignee in accordance with section 16.3 of the Credit Agreement shall be made or given to the following address or telecopy number (until the Assignee otherwise gives notice in accordance with such section 16.3): **[●]**; and

(d) Schedule A to the Credit Agreement shall be deemed to be and is hereby amended to the extent necessary to give effect to the assignment of the Assigned Commitment contemplated hereby and to give effect to Sections 5(a), 5(b) and 5(c) hereof.

6. THE AGENT

Without in any way limiting the provisions of Section 4 hereof, the Assignee irrevocably appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Documents as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with the provisions of the Credit Agreement.

7. NO ENTITLEMENT TO PRIOR INTEREST OR OTHER FEES

Except as otherwise agreed in writing between the Assignor and the Assignee, notwithstanding any provision of the Credit Agreement or other Documents or any other provision of this Agreement, the Assignee shall have no right, title or interest in or to any interest or fees paid or to be paid to the Assignor under, pursuant to or in respect of:

(a) the fees paid to the Assignor in respect of the establishment of the Credit Facilities;

(b) **[**the fees payable to the Agent pursuant to section 5.7 of the Credit Agreement; or**]** **[Note: Section 7(b) to be inserted for any assignment by the Agent.]**

(c) the Loans, the Credit Facilities or the Credit Agreement for any period of time or in respect of any event or circumstance prior to the date hereof, including, without limitation, any standby fees pursuant to section 5.6 of the Credit Agreement. For certainty, with respect to the Assigned Interests, the Assignor shall be solely entitled to the interest payable in respect of that portion of the Interest Period of an unmatured Libor Loan occurring prior to the date hereof.

8. CONSENT OF BORROWER, AGENT AND FRONTING LENDER

The Borrower, the Agent and the Fronting Lender hereby consent to the assignment of the Assigned Interests to the Assignee and the assumption of the Assumed Obligations by the Assignee and agree to recognize the Assignee as a Lender under the Credit Agreement as fully as if the Assignee had been an original party to the Credit Agreement. **[The Borrower, the Agent and the Fronting Lender agree that the Assignor shall have no further liability or obligation in respect of the Assumed Obligations.]**

[NOTE: Delete the square-bracketed second sentence of Section 8 hereof in the case of an assignment to an affiliate of the Assignor, as provided in the Credit Agreement.]

9. REPRESENTATIONS AND WARRANTIES

Each of the parties, other than the Borrower, hereby represents and warrants to the other parties, other than the Borrower, as follows:

(a) it is duly incorporated and validly subsisting under the laws of its governing jurisdiction;

(b) it has all necessary corporate power and authority to enter into this Agreement and to perform its obligations hereunder and under the Credit Agreement and the other Documents;

(c) the execution, delivery, observance and performance on its part of this Agreement has been duly authorized by all necessary corporate and other action and this Agreement constitutes a legal, valid and binding obligation of such party enforceable against it in accordance with its terms; and

(d) all Governmental Authorizations, if any, required for the execution, delivery, observance and performance by it of this Agreement, the Credit Agreement and the other Documents have been obtained and remain in full force and effect, all conditions have been duly complied with and no action by, and no notice to or other filing or registration with any Governmental Authority is required for such execution, delivery, observance or performance.

The Assignor represents and warrants to the Assignee that it has the right to sell to the Assignee the Assigned Interests and that the same are free and clear of all Security Interests. The

Assignor also represents and warrants to the Assignee that it has not received written notice of any Default or Event of Default having occurred under the Credit Agreement which is continuing.

The representations and warranties set out in this Agreement shall survive the execution and delivery of this Agreement and notwithstanding any examinations or investigations which may be made by the parties or their respective legal counsel.

Except as expressly provided herein, the Assignee confirms that this Agreement is entered into by the Assignee without any representations or warranties by the Assignor, the Agent or the Fronting Lender on any matter whatsoever, including, without limitation, on the effectiveness, validity, legality, enforceability, adequacy or completeness of the Credit Agreement or any Document delivered pursuant thereto or in connection therewith or any of the terms, covenants and conditions therein or on the financial condition, creditworthiness, condition, affairs, status or nature of the Borrower.

10. ASSIGNEE CREDIT DECISION

The Assignee acknowledges to the Assignor, the Fronting Lender and the Agent that the Assignee has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, condition, affairs, status and nature of the Borrower and its Subsidiaries, all of the matters and transactions contemplated herein and in the Credit Agreement and other Documents and all other matters incidental to the Credit Agreement and the other Documents. The Assignee confirms with the Assignor, the Fronting Lender and the Agent that it does not rely, and it will not hereafter rely, on the Agent, the Fronting Lender or the Assignor:

(a) to check or inquire on its behalf into the adequacy, accuracy or completeness of any information provided by the Borrower, any Subsidiary of the Borrower or any other person under or in connection with the Credit Agreement and other Documents or the transactions therein contemplated (whether or not such information has been or is hereafter distributed to the Assignee by the Agent); or

(b) to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Borrower and its Subsidiaries.

The Assignee acknowledges that a copy of the Credit Agreement (including a copy of the Schedules) has been made available to it for review and further acknowledges and agrees that it has received copies of such other Documents and such other information that it has requested for the purposes of its investigation and analysis of all matters related to this Agreement, the Credit Agreement, the other Documents and the transactions contemplated hereby and thereby. The Assignee acknowledges that it is satisfied with the form and substance of the Credit Agreement and the other Documents.

11. PAYMENTS

The Assignor and the Assignee acknowledge and agree that all payments under the Credit Agreement in respect of the Assigned Interests from and after the date hereof received by the Agent

on or after the date hereof shall be the property of the Assignee and the Agent shall be entitled to treat the Assignee as solely entitled thereto.

12. AMENDMENTS AND WAIVERS

Any amendment or modification or waiver of any right under any provision of this Agreement shall be in writing (in the case of an amendment or modification, signed by the parties) and any such waiver shall be effective only for the specific purpose for which given and for the specific time period, if any, contemplated therein. No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof and any waiver of any breach of the provisions of this Agreement shall be without prejudice to any rights with respect to any other or further breach.

13. GENERAL PROVISIONS

(a) The parties hereto shall from time to time and at all times do all such further acts and things and execute and deliver all such documents as are reasonably required in order to fully perform and carry out the terms of this Agreement.

(b) The provisions of this Agreement shall enure to the benefit of and shall be binding upon the parties hereto and their respective successors and permitted assigns.

(c) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one full set of counterparts.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by its duly authorized representative(s) as of the date first above written.

[●], as Assignor

Per: _____
[●]

Per: _____
[●]

[●], as Assignee

Per: _____
[●]

Per: _____
[●]

CALFRAC WELL SERVICES LTD.

Per: _____
[●]

Per: _____
[●]

HSBC BANK CANADA, in its capacity as Agent

Per: _____
[●]

Per: _____
[●]

ROYAL BANK OF CANADA, in its capacity as Fronting Lender

Per: _____
[●]

Per: _____
[●]

SCHEDULE C

COMPLIANCE CERTIFICATE

TO: HSBC Bank Canada, in its capacity as agent of the Lenders (the "**Agent**")

AND TO: Each of the Lenders

1. Reference is made to the Amended and Restated Credit Agreement made as of September 29, 2009, as amended and restated as of December 22, 2009, as further amended and restated as of September 27, 2011, as further amended and restated as of October 10, 2012, as further amended and restated as of February 18, 2015, as further amended and restated as of September 27, 2017 and as further amended and restated as of April 30, 2019 between Calfrac Well Services Ltd., as Borrower, HSBC Bank Canada and the other financial institutions party thereto in their capacity as Lenders and the Agent and relating to the establishment of certain credit facilities in favour of the Borrower (as further amended, modified, supplemented or restated, the "**Credit Agreement**"). Capitalized terms used herein, and not otherwise defined herein, shall have the meanings attributed to such terms in the Credit Agreement.

2. This Compliance Certificate is delivered to the Lender pursuant to Section 10.1(e)(iv) of the Credit Agreement.

3. The undersigned**,** [name], [title] of the Borrower, hereby certifies that, as of the date of this Compliance Certificate, I have made or caused to be made such investigations as are necessary or appropriate for the purposes of this Compliance Certificate and:

   (a) the consolidated financial statements for the [fiscal quarter OR fiscal year] ending **[●]**,**[●]** provided to the Agent pursuant to Section 10.1(e) of the Credit Agreement were prepared in accordance with generally accepted accounting principles and present fairly, in all material respects, the consolidated financial position of the Borrower as at the date thereof;

   (b) the representations and warranties made by the Borrower in Section 9.1 of the Credit Agreement are true and accurate in all respects as at the date hereof, except as has heretofore been notified to the Agent by the Borrower in writing [or except as described in Schedule ____ hereto];

   (c) no event has occurred or is continuing which would constitute a Default or Event of Default, except as has heretofore been notified to the Agent by the Borrower in writing [or except as described in Schedule _____ hereto];

   (d) as at the end of the aforementioned [fiscal quarter OR fiscal year], the Funded Debt to EBITDA Ratio was **[●]**:1.0; attached hereto as Exhibit A is a determination of such financial ratio as at the end of the aforementioned [fiscal quarter OR fiscal year], together with particulars of each of the definitions and elements included in the determination of such financial ratio;

(e) as at the end of the aforementioned [fiscal quarter OR fiscal year], the ratio of Current Assets to Current Liabilities was **[●]**:1.0; attached hereto as Exhibit B is a determination of such financial ratio as at the end of the aforementioned [fiscal quarter OR fiscal year], together with particulars of each of the definitions and elements included in the determination of such financial ratio;

(f) as at the end of the aforementioned [fiscal quarter OR fiscal year], the Funded Debt to Capitalization Ratio was **[●]**:1.0; attached hereto as Exhibit C is a determination of such financial ratio as at the end of the aforementioned [fiscal quarter OR fiscal year], together with particulars of each of the definitions and elements included in the determination of such financial ratio;

(g) as at the end of the aforementioned [fiscal quarter OR fiscal year], the Total Debt to EBITDA Ratio was **[●]**:1.0; attached hereto as Exhibit D is a determination of such financial ratio as at the end of the aforementioned [fiscal quarter OR fiscal year], together with particulars of each of the definitions and elements included in the determination of such financial ratio;

(h) as at the end of the aforementioned [fiscal quarter OR fiscal year], the Borrower and its Material Subsidiaries directly own ●% of the Consolidated Net Tangible Assets excluding their investment in any Subsidiary; attached hereto as Exhibit E is a determination of such financial calculation as at the end of the aforementioned [fiscal quarter OR fiscal year], together with particulars of each of the definitions and elements included in the determination of such financial calculation;

(i) as at the aforementioned [fiscal quarter OR fiscal year] the property, plant and equipment (including property, plant and equipment under construction) located in Canada and the United States of America that is owned by the Borrower or any Subsidiary which has granted Security in favour of the Agent on behalf of the Lenders, the Bank Product Affiliates and the Hedging Affiliates is valued (based on the values used by the Borrower in its financial statements as at such Quarter End) at Cdn. $● in the aggregate; attached hereto as Exhibit F is a determination of such financial calculation as at the end of the aforementioned [fiscal quarter OR fiscal year], together with particulars of each of the definitions and elements included in the determination of such financial calculation; and

(j) attached hereto as Exhibit G is a report on the status of all outstanding Financial Instruments.

4. [The Borrower hereby gives notice that effective ●, ● [● shall be designated as a Non-material Subsidiary in accordance with Section 2.25 of the Credit Agreement] OR [● shall be designated as a Material Subsidiary in accordance with Section 2.25 of the Credit Agreement] and hereby certifies that:

(a) no Default or Event of Default has occurred and is continuing (other than a Default or Event of Default that would be cured from such designation);

(b) no Default or Event of Default would result from or exist immediately after such designation;

(c) **[such Subsidiary does not own or hold, directly or indirectly (whether through the ownership of or investments in other Subsidiaries of the Borrower or otherwise), any ownership interest in any assets or properties which are included in the most recent determination of the Borrowing Base;]** and

[NTD: insert above certification in Section 4(c) for a designation to a Non-material Subsidiary.]

(d) it is entitled to make such designation in accordance with the terms and conditions of the Credit Agreement.]

I give this Compliance Certificate on behalf of the Borrower and in my capacity as the [title] of the Borrower, and no personal liability is created against or assumed by me in the giving of this Certificate.

Dated at **[●]**, this **[●]** day of **[●]**, **[●]**.

_____

Name:
Title:

SCHEDULE D

CONVERSION NOTICE

TO: [HSBC Bank Canada, in its capacity as Agent] OR [HSBC Bank Canada, in its capacity as Operating Lender]

DATE: _____

This Conversion Notice is delivered to you pursuant to the terms and conditions of the Amended and Restated Credit Agreement made as of September 29, 2009, as amended and restated as of December 22, 2009, as further amended and restated as of September 27, 2011, as further amended and restated as of October 10, 2012, as further amended and restated as of February 18, 2015, as further amended and restated as of September 27, 2017 and as further amended and restated as of April 30, 2019 between Calfrac Well Services Ltd., as Borrower, HSBC Bank Canada and the other financial institutions party thereto in their capacity as Lenders and HSBC Bank Canada, as Agent of the Lenders and relating to the establishment of certain credit facilities in favour of the Borrower (as further amended, modified, supplemented or restated, the "**Credit Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Conversion Notice shall have the respective meanings set forth in the Credit Agreement.

1. The Borrower hereby requests a Conversion as follows:

   (a) Conversion Date: _____

   (b) Conversion of the following Loans under the referenced Credit Facility:

      (i) Type of Loan and Credit Facility: _____

      (ii) Amount being converted: _____

      (iii) Interest Period maturity (for Libor Loans and Bankers' Acceptances): ____

      _____

      INTO the following Loan under the same Credit Facility:

      (iv) Type of Loan: _____

      (v) Interest Period (specify term of Libor Loans and Bankers' Acceptances): ____

      _____

      (vi) Marketed by Borrower (for Bankers' Acceptances): yes no

(c) Payment, delivery or issuance instructions (if any): _____

_____

Yours very truly,

CALFRAC WELL SERVICES LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE E

DRAWDOWN NOTICE

TO: [HSBC Bank Canada, in its capacity as Agent] OR [HSBC Bank Canada, in its capacity as Operating Lender]

DATE: _____

This Drawdown Notice is delivered to you pursuant to the terms and conditions of the Amended and Restated Credit Agreement made as of September 29, 2009, as amended and restated as of December 22, 2009, as further amended and restated as of September 27, 2011, as further amended and restated as of October 10, 2012, as further amended and restated as of February 18, 2015, as further amended and restated as of September 27, 2017 and as further amended and restated as of April 30, 2019 between Calfrac Well Services Ltd., as Borrower, HSBC Bank Canada and the other financial institutions party thereto in their capacity as Lenders and HSBC Bank Canada, as Agent of the Lenders and relating to the establishment of certain credit facilities in favour of the Borrower (as further amended, modified, supplemented or restated, the "**Credit Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Drawdown Notice shall have the respective meanings set forth in the Credit Agreement.

1. The Borrower hereby requests a Drawdown as follows:

   (a) Drawdown Date: _____

   (b) Amount of Drawdown: _____
   (specify aggregate face amount on liability in the case of Bankers' Acceptance)

   (c) Type of Loan and Credit Facility: _____

   (d) Interest Period (specify term for Libor Loans, Bankers' Acceptances and Letters of Credit):

   _____

   (e) Marketed by Borrower (for Bankers' Acceptances): yes no

(f) Payment, delivery or issuance instructions (if any): _____

_____

Yours very truly,

CALFRAC WELL SERVICES LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE F

REPAYMENT NOTICE

TO: [HSBC Bank Canada, in its capacity as Agent] OR [HSBC Bank Canada, in its capacity as Operating Lender]

DATE: _____

1. This Repayment Notice is delivered to you pursuant to the terms and conditions of the Amended and Restated Credit Agreement made as of September 29, 2009, as amended and restated as of December 22, 2009, as further amended and restated as of September 27, 2011, as further amended and restated as of October 10, 2012, as further amended and restated as of February 18, 2015, as further amended and restated as of September 27, 2017 and as further amended and restated as of April 30, 2019 between Calfrac Well Services Ltd., as Borrower, HSBC Bank Canada and the other financial institutions party thereto in their capacity as Lenders and HSBC Bank Canada, as Agent of the Lenders and relating to the establishment of certain credit facilities in favour of the Borrower (as further amended, modified, supplemented or restated, the "**Credit Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Repayment Notice shall have the respective meanings set forth in the Credit Agreement.

2. The Borrower hereby gives notice of a repayment as follows:

   (a) Date of Repayment: _____

   (b) Loan(s) and Credit Facility: _____

   (c) Interest Period maturity (specify for Libor Loans, Bankers' Acceptances and Letters of Credit: _____

   (d) Amount being repaid (specify aggregate face amount at maturity in case of Bankers' Acceptances): _____

Yours very truly,

CALFRAC WELL SERVICES LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE G

ROLLOVER NOTICE

TO: [HSBC Bank Canada, in its capacity as Agent] OR [HSBC Bank Canada, in its capacity as Operating Lender]

DATE: _____

1. This Rollover Notice is delivered to you pursuant to the terms and conditions of the Amended and Restated Credit Agreement made as of September 29, 2009, as amended and restated as of December 22, 2009, as further amended and restated as of September 27, 2011, as further amended and restated as of October 10, 2012, as further amended and restated as of February 18, 2015, as further amended and restated as of September 27, 2017 and as further amended and restated as of April 30, 2019 between Calfrac Well Services Ltd., as Borrower, HSBC Bank Canada and the other financial institutions party thereto in their capacity as Lenders and HSBC Bank Canada, as Agent of the Lenders and relating to the establishment of certain credit facilities in favour of the Borrower (as further amended, modified, supplemented or restated, the "**Credit Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Rollover Notice shall have the respective meanings set forth in the Credit Agreement.

2. The Borrower hereby requests a Rollover as follows:

   (a) Rollover Date: _____

   (b) Amount of Rollover: _____

   (c) Type of Loan and Credit Facility: _____

   (d) New Interest Period (specify term of Libor Loans, Bankers' Acceptances and Letters of Credit): _____

   (e) Marketed by Borrower (for Bankers' Acceptances): yes no

(f) Payment, delivery or issuance instructions (if any): _____

_____

Yours very truly,

CALFRAC WELL SERVICES LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE H-1

FLOATING CHARGE DEMAND DEBENTURE
(Calfrac Well Services Ltd.)

Principal Sum: $800,000,000 Canadian Dollars

Interest Rate: 20.0% per annum

Date: ●, 20●

ARTICLE 1 - PROMISE TO PAY

Promise to Pay

1.1 For value received, the undersigned (the "**Debtor**") hereby acknowledges itself indebted and promises to pay ON DEMAND to or to the order of HSBC Bank Canada in its capacity as agent (in such capacity, the "**Agent**") for and on behalf of (a) HSBC Bank Canada and such other financial institutions in their capacity as lenders (collectively, the "**Lenders**" and, individually, a "**Lender**") under the Amended and Restated Credit Agreement made as of September 29, 2009, as amended and restated as of December 22, 2009, as further amended and restated as of September 27, 2011, as further amended and restated as of October 10, 2012, as further amended and restated as of February 18, 2015, as further amended and restated as of September 27, 2017 and as further amended and restated as of April 30, 2019 between the Debtor, as borrower, the Lenders and the Agent (as the same may be further amended, modified, supplemented or restated from time to time, the "**Credit Agreement**") and (b) all Hedging Affiliates (as defined in the Credit Agreement) of each Lender, for the benefit of the Agent, the Lenders and such Hedging Affiliates (collectively, the "**Beneficiaries**"), the principal sum herein stipulated on presentation and surrender of this Debenture at the Agent's offices at 6th Floor, 70 York Street, Toronto, Ontario, M5J 1S9 or at such other place as the Agent may designate by notice in writing to the Debtor, and to pay interest thereon from the date hereof at the rate per annum herein stipulated in like money at the same place monthly on the last day of each month; and, if the Debtor should at any time make default in the payment of any principal or interest to pay interest on the amount in default both before and after demand, default and judgment at the same rate in lawful money of Canada at the same place.

The Agent, on behalf of the Beneficiaries, is the person entitled to receive the principal of and interest on this Debenture and all other amounts payable hereunder.

ARTICLE 2 - CHARGE

Charge

2.1 As security for the due payment of all money payable hereunder and all other obligations hereunder, the Debtor hereby charges, as and by way of a first floating charge to and in favour of the Agent and its successors and assigns, for the benefit of the Beneficiaries and their respective successors and permitted assigns, all of the undertaking, property and assets of the Debtor, both present and future, of every nature and kind and wherever situate including, without limitation, all of

its present and future personal and real property, goodwill, trade-marks, inventions, processes, patents and patent rights, materials, supplies, inventories, motor vehicles, trucks, trailers, machinery, implements, equipment and apparatus of every kind, furniture, rent, revenues, income, money, rights, powers, privileges, franchises, benefits, amenities, contracts, agreements, leases of real and personal property, licenses, permits, book debts, accounts receivable, negotiable and non-negotiable instruments, judgments, securities, choses in action, unpaid capital and all other property and things of value of every kind and nature, tangible and intangible, legal or equitable, which the Debtor now has, may be possessed of, entitled to, or acquire, by way of amalgamation or otherwise, now or hereafter and any and all proceeds of any of the foregoing.

In this Debenture, the mortgages, assignments and charges created and provided for are collectively called the "**Charge**" and the subject matter of the Charge is called the "**Charged Premises**".

Dealings in the Ordinary Course

2.2 Subject to Section 3.1 hereof and until the Charge becomes enforceable, the Debtor may dispose of or deal with the property and assets subjected to the Charge in the ordinary course of business and for the purpose of carrying on the same, so that purchasers thereof or parties dealing with the Debtor take title thereto free and clear of the Charge.

Last Day; Collateral Documents

2.3 The Charge shall not extend or apply to the last day of the term of any lease or agreement to lease but upon the enforcement of the Charge the Debtor shall stand possessed of such last day in trust for the Agent to assign the same to any person acquiring such term in the course of enforcement of the Charge.

Exception for Certain Contractual Rights

2.4 The Charge does not and shall not extend to, and the Charged Premises shall not include, any agreement, right, franchise, licence or permit (the "**Contractual Rights**") to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of the Charge herein would constitute a breach of the terms of or permit any person to terminate the Contractual Rights, but the Debtor shall hold its interest therein in trust for the Agent and shall assign such Contractual Rights to the Agent forthwith upon obtaining the consent of all other parties thereto. The Debtor agrees that it shall, upon the request of the Agent, use all commercially reasonable efforts to obtain any consent required to permit any Contractual Rights to be subjected to the Charge herein.

Crystallization Against Real Property

2.5 In respect of real property (and interests therein) subject to the floating charge created by Section 2.1, such floating charge shall become a fixed charge against such property and interests upon the earlier of (a) the Charge becoming enforceable in accordance with Section 4.1 and the Agent giving written notice to the Debtor that the indebtedness secured thereby is forthwith due and payable and that the floating charge has become a fixed charge on the real property and interests therein charged thereby, and (b) the occurrence of any other event which by operation of law would

result in the floating charge becoming a fixed charge on the real property and interests therein of the Debtor charged thereby.

ARTICLE 3 - NEGATIVE PLEDGE

Negative Pledge

3.1 Except as has otherwise been agreed in writing with the Agent and the Lenders, the Debtor shall not create, assume, have outstanding or permit to exist, except in favour of the Agent, any mortgage, charge, pledge, lien, assignment by way of security, security interest or other encumbrance on any part of the Charged Premises.

ARTICLE 4 - DEFAULT AND REMEDIES

Default

4.1 If the Debtor makes default in the payment of principal, interest or any other amount payable hereunder or in the due performance of the terms and conditions of Section 3.1 hereof, the Charge shall immediately become enforceable.

Remedies

4.2 (1) Whenever the Charge has become enforceable, the Agent may realize upon the Charged Premises and shall have the following rights and remedies, which rights and remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights or remedies the Beneficiaries may have:

(a) the Agent may by appointment in writing appoint a receiver or receiver and manager (each herein referred to as the "**Receiver**") of the Charged Premises and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Charged Premises or any part thereof; and the term "Agent" when used in this Section 4.2 shall include any Receiver so appointed and the agents, officers and employees of such Receiver;

(b) the Agent may take possession of the Charged Premises and require the Debtor to make the Charged Premises available to the Agent;

(c) the Agent may take such steps as it considers desirable to maintain, preserve or protect the Charged Premises;

(d) the Agent may carry on or concur in the carrying on of all or any part of the business of the Debtor relating to the Charged Premises;

(e) the Agent may enforce any rights of the Debtor in respect of the Charged Premises by any manner permitted by law;

(f) the Agent may sell, lease or otherwise dispose of the Charged Premises by judicial sale, by foreclosure, by public auction, by private tender or by private sale either for

cash or upon credit upon such terms and conditions as the Agent may determine and without notice to the Debtor unless required by law and may execute and deliver to the purchaser or purchasers of the Charged Premises or any part thereof a good and sufficient deed or conveyance or deeds or conveyances for the same, any Vice President, Manager or Director of the Agent being hereby constituted the irrevocable attorney of the Debtor for the purpose of making such sale and executing such deeds or conveyances, and any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Debtor and all other persons claiming all or any part of the Charged Premises by, from, through or under the Debtor;

(g) the Agent may accept the Charged Premises in satisfaction or partial satisfaction of the Charge upon notice to the Debtor of its intention to do so in the manner required by law;

(h) the Agent may borrow money on the security of the Charged Premises for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Charged Premises in priority to the Charge;

(i) the Agent may perform any obligation, covenant or provision under the Credit Agreement referred to herein and the entire costs thereof are a charge on the Charged Premises and shall be added to the amounts due hereunder and shall be secured by the Charge; and

(j) the Agent may exercise any other right or remedy permitted by law or equity, including, without limitation, all rights and remedies of a secured party under the *Personal Property Security Act* (Alberta) or any similar personal property legislation of any jurisdiction in which any of the Charged Premises is located or which, by the operation thereof, governs or is deemed to govern the Charged Premises.

(2) The Debtor further agrees with the Agent that:

(a) the Beneficiaries shall not be liable or responsible for any failure to seize, collect, realize, sell or obtain payment of the Charged Premises and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment of the Charged Premises or for the purpose of preserving any rights of the Beneficiaries, the Debtor or any other person, firm or corporation in respect of the Charged Premises;

(b) the Beneficiaries may grant extensions of time, take, abstain from taking and perfecting and give up securities, accept compositions, grant releases and discharges, release any part of the Charged Premises and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Charged Premises and other securities as the Agent may see fit without prejudice to the liability of the Debtor to the Beneficiaries or the Beneficiaries' rights hereunder;

(c) to facilitate the realization of the Charged Premises, the Agent may enter upon, occupy and use all or any of the premises, buildings and plant comprising the

Charged Premises and use all or any of the equipment and other personal property of the Debtor for such time as the Agent requires to facilitate such realization, free of charge (as between the Debtor and the Agent), and the Beneficiaries shall not be liable to the Debtor for any neglect in so doing (other than gross negligence or wilful misconduct on the part thereof) or in respect of any rent, charges or depreciation in connection with such actions;

(d) the Agent may charge on its own behalf and pay to others all reasonable amounts for expenses incurred and for services rendered in connection with the exercise of the rights and remedies of the Beneficiaries hereunder, including, without limiting the generality of the foregoing, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith shall be added to the amounts due hereunder and shall be secured by the Charge;

(e) the Agent may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Charged Premises, and in every such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the amounts due hereunder and shall be secured by the Charge; and

(f) any proceeds of realization of the Charged Premises may be applied by the Agent to the payment of expenses in connection with the preservation and realization of the Charged Premises as above described and any balance of such proceeds shall be applied by the Agent to payment of any amount owing by the Debtor to the Agent in such order as the Agent may see fit; if there is any surplus remaining, it may be paid to any person having a claim thereto in priority to the Debtor of whom the Agent has knowledge and may be applied or retained as reserves against potential claims that the Agent or the Receiver in good faith believes should be maintained and the balance remaining, if any, shall (subject to applicable law) be paid to the Debtor.

(3) Any Receiver shall be entitled to exercise all rights and powers of the Agent hereunder. To the extent permitted by law, any Receiver shall for all purposes be deemed to be the agent of the Debtor and not of the Agent and the Debtor shall be solely responsible for the Receiver's acts or defaults and remuneration.

(4) The Debtor hereby irrevocably appoints the Agent attorney on its behalf to sell or transfer the Charged Premises and to execute all instruments, and do all acts, matters and things that may be necessary for carrying out the powers hereby given and for the recovery of all rents and sums of money that may become or are now due or owing to the Debtor in respect of the Charged Premises and for the enforcement of all contracts, covenants or conditions binding on any lessee or occupier of the Charged Premises or on any person in respect of it and this appointment shall take effect if the Charge has become enforceable.

ARTICLE 5 - GENERAL

Expenses

5.1 The Debtor shall pay to the Agent forthwith on demand all reasonable costs, charges and expenses, including all reasonable legal fees, incurred by the Agent in connection with the recovery or enforcement of payment of any moneys owing hereunder whether by realization or otherwise. All such sums, together with interest thereon at the rate set forth in this Debenture, shall be added to the amount payable hereunder and shall be secured by the Charge.

Pledge of Debenture

5.2 This Debenture may be pledged by the Debtor as security for its indebtedness and liabilities. While this Debenture is so pledged, no payment by the Debtor of the whole or any part of any indebtedness secured by this Debenture shall reduce the amount owing under this Debenture unless specifically appropriated to and noted on this Debenture by the Agent at the time of payment.

Not Negotiable

5.3 This Debenture is not a negotiable instrument and the rights created hereunder which are exercisable by any holder hereof other than the Agent are no greater than the rights of the Agent, and any holder hereof is subject to the same obligations, duties, liabilities and defences as the Agent would have been subject to.

No Waiver, Remedies

5.4 No failure on the part of the Beneficiaries or the Agent on their behalf to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Notices

5.5 Any demand, notice or communication to be made or given hereunder shall be in writing and may be made or given by personal delivery, by transmittal by facsimile transmission or other electronic means of communication addressed to the Debtor as follows:

Calfrac Well Services Ltd.
411-8th Avenue SW
Calgary, Alberta T2P 1E3

Telecopy No.: (403) 266-7381
Attention: Chief Financial Officer

or to such other address or electronic communication number as the Debtor may from time to time notify the Agent in writing. Any demand, notice or communication made or given by personal

delivery or by facsimile transmission or other electronic means of communication shall be conclusively deemed to have been made or given on the day of actual delivery or transmittal thereof.

Additional Security

5.6 This Debenture and the Charge shall be and shall be deemed to have been given in addition to and not in place of any other security now or hereafter held or acquired by the Beneficiaries.

Headings; References to Debenture

5.7 The division of this Debenture into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Debenture. The terms "this Debenture", "hereof", "hereunder" and similar expressions refer to this Debenture and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Debenture.

Number; Gender; Persons

5.8 In this Debenture words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

Governing Law

5.9 This debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Attornment

5.10 The Debtor hereby attorns and submits to the jurisdiction of the courts of the Province of Alberta. For the purpose of all legal proceedings, this Debenture shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have jurisdiction to entertain any action arising under this Debenture. Notwithstanding the foregoing, nothing herein shall be construed nor operate to limit the right of the Debtor or the Beneficiaries to commence any action relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action or matter relating hereto.

Benefit of the Debenture

5.11 This debenture shall be binding upon the successors and permitted assigns of the Debtor (including, without limitation, any corporation resulting from an amalgamation with the Debtor) except that the Debtor may not assign its obligations under this Debenture without the prior written consent of the Agent. This debenture shall benefit the successors and permitted assigns of the Beneficiaries.

Time of the Essence

5.12 Time shall be of the essence with regard to this Debenture.

Discharge

5.13 The Debtor shall not be discharged from the Charge, this Debenture or any of its obligations hereunder except by a release or discharge in writing signed by the Agent.

Waiver of Financing Statement, Etc.

5.14 The Debtor hereby waives the right to receive from the Agent or the other Beneficiaries a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this Debenture or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this Debenture.

No Merger

5.15 No item or part of this Debenture shall be merged or be deemed to have been merged in or by any documents, instruments or acknowledgements delivered in connection with this Debenture or the Credit Agreement referred to herein, or any simple contract debt or any judgment, and any realization of or steps taken under or pursuant to any security, instrument or agreement shall be independent of and not create a merger with any other right available to the Beneficiaries under any security, instruments or agreements held by it or at law or in equity. No obligation of the Borrower hereunder shall merge in any judgment relating to any such obligation.

IN WITNESS WHEREOF the Debtor has executed this Debenture as of the date first written above.

CALFRAC WELL SERVICES LTD.

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE H-2

THIS DEBENTURE PLEDGE AGREEMENT made as of ●, 20●.
(Calfrac Well Services Ltd.)

Description of Floating Charge Demand Debenture

Principal Sum:	$800,000,000 Canadian Dollars
Interest Rate:	20.0% per annum
Date:	●, 20●

WHEREAS:

A. HSBC Bank Canada and certain other lenders (collectively, the "**Lenders**") and HSBC in its capacity as agent on behalf of the Lenders (in that capacity, the "**Agent**") have entered into an amended and restated credit agreement with Calfrac Well Services Ltd. (the "**Debtor**"), as borrower, made as of September 29, 2009, as amended and restated as of December 22, 2009, as further amended and restated as of September 27, 2011, as further amended and restated as of October 10, 2012, as further amended and restated as of February 18, 2015, as further amended and restated as of September 27, 2017 and as further amended and restated as of April 30, 2019 (as further amended, modified, supplemented or restated from time to time, the "**Credit Agreement**") pursuant to which the Lenders have agreed to make certain credit facilities available to the Debtor;

B. In order to secure the payment and performance of all present and future Obligations (as hereinafter defined) of the Debtor to the Agent, the Lenders and the Hedging Affiliates (collectively, the "**Beneficiaries**"), the Debtor has created and issued to the Agent the debenture described above (as the same may hereafter be amended, modified, supplemented and restated from time to time, the "**Debenture**");

C. The purpose of this Debenture Pledge Agreement is to set forth the terms and conditions upon which the Debenture is to be held by the Agent;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by the Debtor, the Debtor hereby agrees and covenants with the Agent as follows:

1. The Debtor hereby grants a security interest in and deposits with and pledges to the Agent the Debenture to be held by the Agent as general and continuing collateral security for the payment and performance of all present and future obligations, liabilities and indebtedness (absolute or contingent, matured or otherwise) of the Debtor to the Beneficiaries including, without limitation (a) all present and future obligations, liabilities and indebtedness (absolute or contingent, matured or otherwise) of the Debtor to the Agent and the Lenders under, pursuant or relating to the Credit Agreement and other Documents and including, without limitation, the principal of, and all interest, fees, reasonable legal and other costs, charges and expenses owing or payable on or in respect of, any and all Loans, and (b) all Lender Financial Instrument Obligations of or owing by the Debtor to any and all Lenders and Hedging Affiliates, in each

case whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again (collectively, the "**Obligations**").

2. The Agent shall neither demand payment pursuant to the Debenture nor enforce the security constituted thereby unless the Agent shall be entitled to do so pursuant to the provisions of the Credit Agreement and the other agreements, instruments or documents establishing, creating or evidencing any Obligations (collectively, the "**Credit Documents**"), but thereafter the Agent may at any time exercise and enforce all of the rights and remedies of a holder of the Debenture as if the Agent was the absolute owner thereof without notice to or control by the Debtor, and any such remedy may be exercised separately or in combination with, and shall be in addition to and not in substitution for, any other right or remedy of the Agent and the Beneficiaries however created, provided that the Agent shall not be bound to exercise any such right or remedy.

3. Subject to the requirements of applicable law, the Agent shall not be bound under any circumstances to realize upon or under the Debenture and shall not be responsible to the Debtor for any loss occasioned by any sale or other dealing with the Debenture or the Charged Premises (as defined in the Debenture) or by the retention of or failure to sell or otherwise deal with the same.

4. The proceeds of or any other amount received pursuant to the Debenture shall be applied by the Agent on account of the Obligations in such order as set out in the Credit Agreement without prejudice to the Agent's or the Beneficiaries' claim upon the Debtor for any deficiency. Subject to the requirements of applicable law, any surplus realized by the Agent in excess of the Obligations shall be paid over to the Debtor.

5. Subject to paragraph 2 hereof, the Agent shall not be obliged to exhaust its recourse against the Debtor, any other person or persons, or any other security it may hold with respect to the Obligations before realizing upon, under, or otherwise dealing with the Debenture in such manner as the Agent sees fit. The Agent and the Beneficiaries may grant extensions of time or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Debtor and with other parties, sureties or securities as they may see fit, without prejudice to the liability of the Debtor or the Agent's or the Beneficiaries' rights in respect of the Debenture.

6. Notwithstanding the stated interest rate per annum in the Debenture, payment to the Beneficiaries or, in the case of Obligations payable pursuant to the Credit Agreement, the Agent for the account of the Lenders, of the relevant interest, fees and other amounts owing under the Credit Documents for any period in respect of the Obligations at the current rate at which the Obligations bear interest for such period pursuant to the Credit Documents shall be deemed to be payment in satisfaction of the interest payment for the same period under the Debenture.

7. The Debenture shall not operate by way of merger of any of the Obligations and no judgment recovered by the Agent or the Beneficiaries shall operate by way of merger of or in any way affect the security of the Debenture which is in addition to and not in substitution for any other security now or hereafter held by the Agent or the Beneficiaries with respect to the Obligations.

8. Notwithstanding the form and terms of the Debenture and the provisions of this Debenture Pledge Agreement, (a) the Agent shall not claim or realize an amount under or in respect of the Debenture in excess of the aggregate Obligations, from time to time, of the Debtor to the Agent and the Beneficiaries and (b) the provisions of this Debenture Pledge Agreement and the Debenture, in particular, but without limitation, Sections 2.2 and 3.1 of the Debenture, are subject to the provisions of the Credit Agreement relating to the subject matter thereof. If there are any express conflicts or inconsistencies between the terms of the Credit Agreement and the Debenture or this Debenture Pledge Agreement, then the terms of the Credit Agreement shall govern in all respects to the extent necessary to eliminate such express conflicts or inconsistencies.

9. Upon payment and satisfaction in full of the Obligations and cancellation in full of the credit facilities established under the Credit Agreement when none of the Beneficiaries has other credit facilities in favour of or any obligation to provide credit to the Debtor, the Agent shall, at the request of the Debtor, deliver up the Debenture to the Debtor and shall, at the request and expense of the Debtor, execute and deliver to the Debtor releases, discharges and such other instruments as shall be required to effectively discharge the Charge (as defined in the Debenture).

10. Time shall be of the essence with regard to this Debenture Pledge Agreement.

11. Capitalized terms used herein without express definition shall have the same meanings ascribed thereto as are set forth in the Credit Agreement.

12. This Debenture Pledge Agreement shall enure to the benefit of and be binding upon the Debtor, the Agent and the Beneficiaries and their respective successors and permitted assigns.

13. The parties hereto each hereby attorn and submit to the jurisdiction of the courts of the Province of Alberta. For the purpose of all legal proceedings, this Debenture Pledge Agreement shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have jurisdiction to entertain any action arising under this Debenture Pledge Agreement. Notwithstanding the foregoing, nothing herein shall be construed nor operate to limit the right of either party hereto to commence any action relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action or matter relating hereto.

14. This Debenture Pledge Agreement shall be governed by and construed in accordance with the laws in force in the Province of Alberta.

15. The Debtor hereby waives the right to receive from the Agent or the Beneficiaries a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this Debenture Pledge Agreement or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this Debenture Pledge Agreement.

16. The Debtor may not assign its obligations under this Debenture Pledge Agreement.

IN WITNESS WHEREOF the Debtor has executed this Debenture Pledge Agreement as of the date first above written.

CALFRAC WELL SERVICES LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

ACCEPTED AS OF THE DATE FIRST ABOVE WRITTEN BY:

HSBC BANK CANADA,
as Agent

Per: _____
Name:
Title:

SCHEDULE H-3

GENERAL SECURITY AGREEMENT
(Calfrac Well Services Ltd.)

THIS AGREEMENT made as of ●, 20●

B E T W E E N:

CALFRAC WELL SERVICES LTD., a corporation existing under the laws of the Province of Alberta (hereinafter referred to as the "**Debtor**")

- and -

HSBC BANK CANADA, a Canadian chartered bank, in its capacity as Agent (hereinafter referred to as the "**Secured Party**").

WHEREAS the Debtor has agreed to grant, as general and continuing security for the payment and performance of the Obligations (as hereinafter defined), the security interest and assignment, mortgage and charge granted herein;

AND WHEREAS the Lenders and Hedging Affiliates have appointed and authorized the Secured Party to act as their agent and attorney for the purpose of holding security granted by the Debtor;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements herein contained the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals hereto, this Section and any schedules or attachments hereto, unless something in the subject matter or context is inconsistent therewith:

"**Agreement**" means this agreement, as amended, modified, supplemented or restated from time to time in accordance with the provisions hereof.

"**Beneficiaries**" means, collectively, the Lenders, the Hedging Affiliates and the Agent, and "**Beneficiary**" means any of the Lenders, the Hedging Affiliates or the Agent.

"**Charge**" means the security interests, assignments, mortgages and charges created hereunder.

"**Collateral**" has the meaning set out in Section 2.1.

"**Credit Agreement**" means the amended and restated credit agreement made as of September 29, 2009, as amended and restated as of December 22, 2009, as further amended and restated as of September 27, 2011, as further amended and restated as of October 10, 2012, as further amended and restated as of February 18, 2015, as further amended and restated as of September 27, 2017 and further amended and restated as of April 30, 2019 between the Debtor, the Secured Party and the Lenders relating to the establishment of certain credit facilities in favour of the Debtor, as the same may be further amended, modified, supplemented or restated from time to time in accordance with the provisions thereof.

"**Obligations**" means, collectively and at any time and from time to time, all present and future obligations, liabilities and indebtedness (absolute or contingent, matured or otherwise) of the Debtor to the Beneficiaries including, without limitation, (a) all present and future obligations, liabilities and indebtedness (absolute or contingent, matured or otherwise) of the Debtor to the Agent and the Lenders under, pursuant or relating to the Credit Agreement and the other Documents and including, without limitation, the principal of, and all interest, fees, reasonable legal and other costs, charges and expenses owing or payable on or in respect of, any and all Loans and (b) all Lender Financial Instrument Obligations of or owing by the Debtor to any and all Lenders and Hedging Affiliates, in each case whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again.

1.2 Definitions used in the Credit Agreement

Capitalized terms used herein without express definition shall, unless something in the subject matter or context is inconsistent therewith, have the same meanings as are ascribed to such terms in the Credit Agreement.

1.3 *Personal Property Security Act* Definitions

The terms "accessions", "accounts", "chattel paper", "documents of title", "goods", "instruments", "intangibles", "inventory", "investment property", "money" and "proceeds" whenever used herein shall have the meanings given to those terms in the *Personal Property Security Act* (Alberta) (the "**PPSA**"), as now enacted or as the same may from time to time be amended, re enacted or replaced.

1.4 Headings and References

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.

1.5 Included Words

In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders, words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

1.6 Calculation of Interest

Whenever a rate of interest hereunder is calculated on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

1.7 Schedules

Any schedule to this Agreement is incorporated by reference and shall be deemed to be part of this Agreement.

ARTICLE 2
GRANT OF SECURITY

2.1 Security

As general and continuing security for the payment and performance of the Obligations, the Debtor hereby grants to the Secured Party a security interest in all of the present and future undertaking, assets and property, both real and personal, including, without limitation, all present and after-acquired personal property of the Debtor (collectively, the "**Collateral**"), and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby assigns the Collateral to the Secured Party and mortgages and charges the Collateral to the Secured Party (with respect to real property, as and by way of a floating charge). Without limiting the generality of the foregoing, the Collateral shall include all right, title and interest that the Debtor now has, may be possessed of, entitled to, or acquire, by way of amalgamation or otherwise, now or hereafter or may hereafter have in all property of the following kinds:

(a) Accounts Receivable: all debts, accounts, accounts receivables, claims and choses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "**Receivables**");

(b) Inventory: all inventory of whatever kind and wherever situated including, without limiting the generality of the foregoing, all goods held for sale or lease, or furnished or to be furnished under contracts for service, or that are work in progress, or that are raw materials used or consumed in the business of the Debtor (collectively, the "**Inventory**");

(c) Equipment: all goods, machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which are not Inventory, including, without limiting the generality of the foregoing, the tangible personal property described in any schedule hereto executed by both the Debtor and the Secured Party;

(d) Chattel Paper: all chattel paper;

(e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;

(f) Investment Property and Instruments: all shares, stock, warrants, bonds, debentures, debenture stock and other investment property and all instruments (collectively, the "**Securities**");

(g) Intangibles: all intangibles not described in Section 2.1(a) including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other industrial property;

(h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;

(i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.1(a) to (h) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof;

(j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.1(a) to (i) inclusive; and

(k) Proceeds: all proceeds of the property described in Sections 2.1(a) to (j) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for the loss of or damage to such property;

provided that the Charge shall not: (i) extend, include or apply to the last day of the term of any lease now held or hereafter acquired by the Debtor, but should the Secured Party enforce the said Charge, the Debtor shall thereafter stand possessed of such last day and shall hold it in trust to assign the same to any person acquiring such term in the course of the enforcement of the said Charge, (ii) render the Secured Party liable to observe or perform any term, covenant or condition of any agreement, document or instrument to which the Debtor is a party or by which it is bound, or (iii) extend to, and the Collateral shall not include any agreement, right, franchise, licence or permit (the "**Contractual Rights**") to which the Debtor is a party or of which the Debtor has benefit, to the extent that the creation of the Charge herein would constitute a breach of the terms of, or permit any person to terminate, the Contractual Rights, but the Debtor shall hold its interest therein in trust for the Secured Party and shall assign such Contractual Rights to the Secured Party forthwith upon obtaining the consent of all other parties thereto. The Debtor agrees that it shall, upon the request of

the Secured Party, use all commercially reasonable efforts to obtain any consent required to permit any Contractual Rights to be subjected to the Charge herein.

2.2 Attachment of Security Interest

The Debtor acknowledges that value has been given and agrees that the security interest granted hereby shall attach when the Debtor signs this Agreement and the Debtor has any rights in the Collateral.

ARTICLE 3
REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR

3.1 Representations and Warranties

The Debtor hereby represents and warrants to the Secured Party and the Beneficiaries that (and acknowledges that the Secured Party and the Beneficiaries are relying on the same):

(a) the address of the Debtor's chief executive office (as such term is utilized in the PPSA) is that given in Schedule A attached hereto;

(b) all of the tangible property and assets of the Debtor, real or personal, are located in the Provinces of Alberta, British Columbia and Saskatchewan; and

(c) it has not granted "control" (within the meaning of such term under Section 1(1.1) of the PPSA) over any investment property to any person other than the Secured Party.

3.2 Survival of Representations and Warranties

The representations and warranties set out in this Agreement shall survive the execution and delivery of this Agreement notwithstanding any investigations or examinations which may be made by any of the Beneficiaries or their legal counsel. Such representations and warranties shall survive until this Agreement has been terminated and discharged in accordance with Section 6.8 hereof.

3.3 Covenants

The Debtor covenants with the Secured Party that the Debtor shall:

(a) not change its name or its chief executive office or the location of the office where it keeps its records respecting the Receivables without giving 15 days' prior written notice thereof to the Secured Party;

(b) from time to time forthwith at the request of the Secured Party execute and deliver all such financing statements, schedules, assignments and documents, and do all such further acts and things as may be reasonably required by the Secured Party to effectively carry out the full intent and meaning of this Agreement, including, without limitation, to enforce the Charge and remedies provided hereunder, or to better evidence and perfect the Charge, and, upon the occurrence of an Event of

Default, the Debtor hereby irrevocably constitutes and appoints the Secured Party, or any receiver or receiver and manager appointed by the court or the Secured Party, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever the Secured Party or any such Receiver may consider it to be necessary or expedient;

(c) pay to the Secured Party forthwith upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all reasonable legal, Receiver's and accounting fees and expenses) incurred by or on behalf of the Secured Party in connection with the preparation, execution and perfection of this Agreement and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, protecting and preserving the Charge and enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses shall be added to and form part of the Obligations secured hereunder; and

(d) not grant "control" (within the meaning of such term under Section 1(1.1) of the PPSA) over any investment property to any person other than the Secured Party.

ARTICLE 4
SECURITIES; ACCOUNT DEBTORS

4.1 Registration of Securities

If a Default has occurred and is continuing, the Secured Party may require that the Debtor have any Securities registered in the name of the Secured Party or in the name of its nominee and shall be entitled but not bound or required to exercise any of the rights that any holder of such Securities may at any time have, provided that, until an Event of Default has occurred and is continuing, the Debtor shall be entitled to exercise all voting power from time to time exercisable in respect of the Securities. The Beneficiaries shall not be responsible for any loss occasioned by the exercise of any of such rights or by failure to exercise the same within the time limited for the exercise thereof. The Debtor shall from time to time forthwith upon the request of the Secured Party deliver to the Secured Party those Securities requested by the Secured Party duly endorsed for transfer to the Secured Party or its nominee to be held by the Secured Party subject to the terms of this Agreement.

4.2 Notification of Account Debtors

If an Event of Default has occurred and is continuing, the Secured Party may give notice of this Agreement and the Charge granted hereby to any account debtors of the Debtor or to any other person liable to the Debtor and may give notice to any such account debtors or other person to make all further payments to the Secured Party, and, after the occurrence and during the continuance of an Event of Default, any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by the Secured Party shall be held by the Debtor in trust for the Secured Party and forthwith paid over to the Secured Party on request.

ARTICLE 5
REMEDIES

5.1 Remedies

(a) Upon the occurrence and during the continuance of any Event of Default any or all security granted hereby shall, at the option of the Secured Party, become immediately enforceable and, in addition to any right or remedy provided by law, the Secured Party will have the rights and remedies set out below, all of which rights and remedies will be enforceable successively, concurrently, or both, and are in addition to and not in substitution for any other rights or remedies the Secured Party may have:

(i) the Secured Party may by appointment in writing appoint a receiver or receiver and manager (each herein referred to as the "**Receiver**") of the Collateral (which term when used in this Section 5.1 shall include the whole or any part of the Collateral) and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral; and the term "Secured Party" when used in this Section 5.1 shall include any Receiver so appointed and the agents, officers and employees of such Receiver; and the Secured Party shall not be in any way responsible for any misconduct or negligence of any such Receiver;

(ii) the Secured Party may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at such place or places as may be specified by the Secured Party;

(iii) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral;

(iv) the Secured Party may carry on or concur in the carrying on of all or any part of the business of the Debtor;

(v) the Secured Party may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;

(vi) the Secured Party may sell, lease or otherwise dispose of the Collateral at public auction, by private tender, by private sale or otherwise either for cash or upon credit upon such terms and conditions as the Secured Party may determine and without notice to the Debtor unless required by law and may execute and deliver to the purchaser or purchasers of the Collateral or any part thereof a good and sufficient deed or conveyance or deeds or conveyances for the same, any officer or duly authorized representative of the Secured Party being hereby constituted the irrevocable attorney of the Debtor for the purpose of making such sale and executing such deeds or conveyances, and any such sale made as aforesaid shall be a perpetual bar

both in law and in equity against the Debtor and all other persons claiming all or any part of the Collateral by, from, through or under the Debtor;

(vii) the Secured Party may accept the Collateral in satisfaction or partial satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;

(viii) the Secured Party may borrow money on the security of the Collateral for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Collateral in priority to the Charge;

(ix) the Secured Party may enter upon, occupy and use all or any of the Collateral occupied by the Debtor and use all or any of the Collateral for such time as the Secured Party requires to facilitate the realization of the Collateral, free of charge, and the Secured Party and the Beneficiaries will not be liable to the Debtor for any neglect in so doing (other than gross negligence or wilful misconduct on the part thereof) or in respect of any rent, charges, depreciation or damages in connection with such actions;

(x) the Secured Party may charge on its own behalf and pay to others all amounts for expenses incurred and for services rendered in connection with the exercise of the rights and remedies of the Beneficiaries hereunder, including, without limiting the generality of the foregoing, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith, including interest thereon at a rate per annum equal to the rate of interest per annum then payable on Canadian Prime Rate Loans plus 2.0% per annum, shall be added to and form part of the Obligations hereby secured; and

(xi) the Secured Party may discharge any claim, Security Interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in every such case the amounts so paid together with all reasonable costs, charges and expenses incurred in connection therewith shall be added to the Obligations hereby secured.

(b) The Secured Party and the Beneficiaries may:

(i) grant extensions of time,

(ii) take and perfect or abstain from taking and perfecting security,

(iii) give up securities,

(iv) accept compositions or compromises,

(v) grant releases and discharges, and

(vi) release any part of the Collateral or otherwise deal with the Debtor, debtors and creditors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party sees fit,

without prejudice to the liability of the Debtor to the Secured Party and the Beneficiaries or the Beneficiaries' rights hereunder.

(c) The Beneficiaries shall not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person, in respect of the Collateral.

(d) The Secured Party shall apply any proceeds of realization of the Collateral to payment of reasonable expenses in connection with the preservation and realization of the Collateral as above described and the Secured Party shall apply any balance of such proceeds to payment of the Obligations in accordance with the Credit Agreement. If the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid expenses, the Debtor will be liable to pay any deficiency to the Secured Party and the Beneficiaries forthwith on demand. Subject to the requirements of applicable law, any surplus realized in excess of the Obligations shall be paid over to the Debtor.

(e) Any Receiver shall be entitled to exercise all rights and powers of the Secured Party hereunder. To the extent permitted by law, any Receiver shall for all purposes be deemed to be the agent of the Debtor and not of the Secured Party and the Debtor shall be solely responsible for the Receiver's acts or defaults and remuneration.

ARTICLE 6
GENERAL

6.1 Benefit of the Agreement

This Agreement shall be binding upon the successors and permitted assigns of the Debtor and shall benefit the successors and permitted assigns of the Secured Party and other Beneficiaries.

6.2 Conflict of Terms; Entire Agreement

This Agreement has been entered into as collateral security for the Obligations and is subject to all the terms and conditions of the Credit Agreement and the Lender Financial Instruments and, if there is any conflict or inconsistency between the provisions of this Agreement and the provisions of the Credit Agreement or the Lender Financial Instruments, the rights and obligations of the Debtor, the Secured Party and the Beneficiaries shall be governed by the provisions of the Credit Agreement and the Lender Financial Instruments (as applicable). This Agreement together with the Credit Agreement, the Lender Financial Instruments and all other Documents constitute the entire agreement between the Debtor and the Secured Party with respect to the subject matter hereof.

There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Beneficiaries and the Debtor except as expressly set forth therein and herein.

6.3 No Waiver

No delay or failure by the Beneficiaries in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right.

6.4 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

6.5 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, facsimile or other electronic means, addressed to the recipient as follows:

To the Debtor:

Calfrac Well Services Ltd.
411-8th Avenue SW
Calgary, Alberta

Facsimile No.: (403) 266-7381
Attention: Chief Financial Officer

To the Secured Party:

HSBC Bank Canada, as Agent
6th Floor 70th York Street
Toronto, Ontario M5J 1S9

Attention: Agency Services
Facsimile No.: (647) 788-2185

or such other address, electronic communication number, or to the attention of such other individual as may be designated by notice by any party to the other. Any demand, notice or communication made or given by personal delivery or by facsimile or other electronic means of communication during normal business hours at the place of receipt on a Banking Day shall be conclusively deemed to have been made or given at the time of actual delivery or transmittal, as the case may be, on such Banking Day. Any demand, notice or communication made or given by personal delivery or by

facsimile or other electronic means of communication after normal business hours at the place of receipt or otherwise than on a Banking Day shall be conclusively deemed to have been made or given at 9:00 a.m. (Calgary time) on the first Banking Day following actual delivery or transmittal, as the case may be.

6.6 Modification; Waivers; Assignment

This Agreement may not be amended or modified in any respect except by written instrument signed by the Debtor and the Secured Party. No waiver of any provision of this Agreement by the Secured Party shall be effective unless the same is in writing and signed by the Secured Party, and then such waiver shall be effective only in the specific instance and for the specific purpose for which it is given. The rights of the Secured Party (including those of any Beneficiary) under this Agreement may only be assigned in accordance with the requirements of the Credit Agreement or applicable Lender Financial Instrument (as the case may be). The Debtor may not assign its obligations under this Agreement. Any assignee of a Beneficiary shall be bound hereby, *mutatis mutandis*.

6.7 Additional Continuing Security

This Agreement and the Charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party or the Beneficiaries and this Agreement is a continuing agreement and security that shall remain in full force and effect until discharged by the Secured Party.

6.8 Discharge

The Debtor and the Collateral shall not be discharged from the Charge or from this Agreement except by a release or discharge in writing signed by the Secured Party.

6.9 No Release

The loss, injury or destruction of the Collateral shall not operate in any manner to release or discharge the Debtor from any of its liabilities to the Beneficiaries.

6.10 No Obligation to Act

Notwithstanding any provision of this Agreement or any other Document or the operation, application or effect hereof, the Secured Party, the other Beneficiaries or any Receiver, or any representative or agent acting for or on behalf of the foregoing, shall not have any obligation whatsoever to exercise or refrain from exercising any right, power, privilege or interest hereunder or to receive or claim any benefit hereunder.

6.11 Admit to Benefit

Subject to Section 6.6, no person other than the Debtor and the Beneficiaries shall have any rights or benefits under this Agreement, nor is it intended that any such person gain any benefit or advantage as a result of this Agreement nor shall this Agreement constitute a subordination of any security in favour of such person.

6.12 Time of the Essence

Time shall be of the essence with regard to this Agreement.

6.13 Waiver of Financing Statement, etc.

The Debtor hereby waives the right to receive from the Secured Party or the other Beneficiaries a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this Agreement or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this Agreement.

6.14 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

6.15 Saskatchewan Wavier

The Debtor agrees that:

(a) The *Land Contract (Actions) Act* (Saskatchewan) shall have no application to any action, as defined in that Act, with respect to this Agreement; and

(b) *The Limitation of Civil Rights Act* (Saskatchewan) shall have no application to this Agreement or any agreement renewing, extending or collateral to this Agreement.

6.16 Attornment

The Debtor and each of the Beneficiaries each hereby attorn and submit to the jurisdiction of the courts of the Province of Alberta. For the purpose of all legal proceedings, this Agreement shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have jurisdiction to entertain any action or proceeding arising under this Agreement. Notwithstanding the foregoing, nothing herein shall be construed nor operate to limit the right of the Debtor or any Beneficiary to commence any action or proceeding relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action, proceeding or matter relating hereto.

6.17 Executed Copy

The Debtor hereby acknowledges receipt of a fully executed copy of this Agreement.

6.18 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

CALFRAC WELL SERVICES LTD.

Per: _____
Name:
Title:

HSBC BANK CANADA
as Agent and Secured Party

Per: _____
Name:
Title:

SCHEDULE A

DEBTOR'S CHIEF EXECUTIVE OFFICE:

411-8th Avenue SW
Calgary, Alberta

SCHEDULE H-4

• [INSERT NAME OF RELEVANT CANADIAN MATERIAL SUBSIDIARY]

GUARANTEE

MADE AS OF •, 20•

TABLE OF CONTENTS

• [INSERT NAME OF RELEVANT CANADIAN MATERIAL SUBSIDIARY]

GUARANTEE

THIS GUARANTEE is made as of •, 20•.

WHEREAS the Guarantor is a Material Subsidiary of the Borrower;

AND WHEREAS the Guarantor has agreed to provide a guarantee with respect to the Credit Facilities provided by the Lenders pursuant to the Credit Agreement and with respect to certain Bank Product Obligations and the Lender Financial Instrument Obligations;

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the sum of Cdn. $10.00 now paid by the Beneficiaries to the Guarantor and other good and valuable consideration (the receipt and sufficiency of which are hereby conclusively acknowledged), the Guarantor hereby covenants and agrees with the Beneficiaries as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Guarantee and the recitals hereto, unless something in the subject matter or context is inconsistent therewith:

"**Beneficiaries**" means, collectively, the Lenders, the Hedging Affiliates, the Bank Product Affiliates and the Agent, and "**Beneficiary**" means any of the Lenders, the Hedging Affiliates, the Bank Product Affiliates or the Agent.

"**Beneficiaries' Counsel**" means Borden Ladner Gervais LLP or such other firm of lawyers as may be selected by the Beneficiaries from time to time.

"**Borrower**" means Calfrac Well Services Ltd. and its successors.

"**Commodity Exchange Act**" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"**Credit Agreement**" means the amended and restated credit agreement made as of September 29, 2009, as amended and restated as of December 22, 2009, as further amended and restated as of September 27, 2011, as further amended and restated as of October 10, 2012, as further amended and restated as of February 18, 2015, as further amended and restated as of September 27, 2017 and as further amended and restated as of April 30, 2019 between the Borrower, as borrower, HSBC Bank Canada and such other financial institutions party thereto as lenders, as lenders, and HSBC Bank Canada as agent of such lenders, as the same may be further amended, modified, supplemented or restated from time to time in accordance with the provisions thereof.

"**Default Rate**" means a rate per annum that is equal to (i) in respect of amounts due in Canadian Dollars, the rate of interest then payable under the Credit Agreement on Canadian Prime Rate Loans plus 2.0% per annum or (ii) in respect of amounts due in United States Dollars, the rate of interest then payable under the Credit Agreement on U.S. Base Rate Loans plus 2.0% per annum.

"**Documents**" means, collectively, the Documents as defined in the Credit Agreement together with any and all documentation relating to Bank Products and Lender Financial Instruments.

"**Excluded Swap Obligations**" means, with respect to the Guarantor, any Swap Obligation if (and only if), and to the extent that, all or a portion of this Guarantee, or the grant by the Guarantor of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of the Guarantor's failure for any reason not to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee of the Guarantor or the grant of such security interest becomes effective with respect to such related Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

"**Guarantee**" means this guarantee, as amended, modified, supplemented or restated from time to time in accordance with the provisions hereof.

"**Guarantor**" means • **[INSERT NAME OF RELEVANT CANADIAN MATERIAL SUBSIDIARY]** and its successors.

"**Obligations**" means, collectively and at any time and from time to time, excluding the Excluded Swap Obligations and the Credit Card Obligations, all of the obligations, liabilities and indebtedness (present or future, matured or otherwise) of the Borrower to the Beneficiaries including, without limitation (i) all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Borrower to the Agent and the Lenders under, pursuant or relating to the Credit Agreement and other Documents and including all Outstanding Principal and all interest, commissions, legal and other costs, charges and expenses payable by the Borrower under the Credit Agreement and other Documents, (ii) all Bank Product Obligations of or owing by the Borrower to any and all Lenders and Bank Product Affiliates, excluding the Credit Card Obligations and (iii) all Lender Financial Instrument Obligations of or owing by the Borrower to any and all Lenders and Hedging Affiliates, excluding the Excluded Swap Obligations, in each case whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again.

"**Qualified ECP Guarantor**" means, in respect of any Swap Obligation, each Subsidiary or Affiliate of the Borrower (that provides a guarantee to the Beneficiaries) and that has total assets exceeding U.S.$10,000,000 at the time the relevant guarantee or grant of the relevant

security interest becomes effective with respect to such Swap Obligation or such other person as constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"**Swap Obligation**" means, with respect to any person that has provided a guarantee to the Beneficiaries, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

(b) Capitalized words and phrases used in this Guarantee and the recitals hereto without express definition herein shall, unless something in the subject matter or context is inconsistent therewith, have the same defined meanings as are ascribed to such words and phrases in the Credit Agreement. For certainty, if the Credit Agreement ceases to be in force for any reason whatsoever, then for all purposes hereof the aforementioned capitalized words and phrases shall continue to have the same defined meanings set forth in the Credit Agreement as if such agreement remained in force in the form immediately prior to its ceasing to be in force.

1.2 Headings

The division of this Guarantee into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Guarantee. The terms "this Guarantee", "hereof", "hereunder" and similar expressions refer to this Guarantee and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Guarantee.

1.3 Number; persons; including

Words importing the singular number only shall include the plural and *vice versa*, words importing the masculine gender shall include the feminine and neuter genders and vice versa and words importing persons shall include individuals, limited and unlimited companies, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa and words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

1.4 *Interest Act* (Canada)

Whenever a rate of interest hereunder is calculated on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

1.5 Nominal Rates

The principle of deemed reinvestment of interest shall not apply to any interest calculation under this Guarantee; all interest payments to be made hereunder shall be paid without allowance or deduction for deemed reinvestment or otherwise, before and after demand, default and judgment. The rates of interest specified in this Guarantee are intended to be nominal rates and not effective rates and any interest calculated hereunder shall be calculated using the nominal rate method and not the effective rate method of calculation.

1.6 [References to Guarantor]

[All references in this Guarantee to representations and warranties by, covenants of, actions and steps by, or the performance of the terms and conditions hereof by the "Guarantor" shall, as the context requires, be and shall be construed as being by the partners of ● on behalf of and in respect of such partnership.] [Note: Insert Section 1.6, with appropriate conforming changes, for a guarantee by a general partnership; insert similar provisions, with additional conforming changes, for a guarantee by a limited partnership, trust or other unincorporated entity.]

ARTICLE 2
GUARANTEE

2.1 Guarantee of Obligations

The Guarantor hereby unconditionally and irrevocably guarantees to the Beneficiaries the payment and performance of all of the Obligations, together with interest thereon as provided in Section 5.4.

2.2 Indemnity

If any or all of the Obligations are not duly paid or performed by the Borrower and are not recoverable under Section 2.1 for any reason whatsoever, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Beneficiaries from and against all losses resulting from the failure of the Borrower to pay and perform such Obligations. **[In addition to and without limiting the foregoing, each partner of the Guarantor hereby agrees, on a joint and several basis, to indemnify and hold harmless each of the Beneficiaries, forthwith after demand as provided herein, from and against all losses resulting from the failure of the Borrower to pay and perform any or all of the Obligations, it being the express intention of the partners of the Guarantor that each of the partners of the Guarantor shall be jointly and severally liable for the Obligations.] [Note: Insert the foregoing square-bracketed wording in Section 2.2 for any guarantee by a general partnership which includes the Borrower as a partner.]**

2.3 Guarantor as Principal Obligor

If any or all of the Obligations are not duly paid or performed by the Borrower and are not recoverable under Section 2.1 or the Beneficiaries are not indemnified under Section 2.2, in each case, for any reason whatsoever, such Obligations shall, as a separate and distinct

obligation, be recoverable by the Beneficiaries from the Guarantor as the primary obligor and principal debtor in respect thereof and shall be paid to the Beneficiaries forthwith after demand therefor as provided herein.

2.4 Guarantee Absolute and Unconditional

The liability and obligations of the Guarantor hereunder shall be continuing, unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged, limited or otherwise affected by:

(a) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any Obligation, security, person or otherwise, including any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release of any of the Obligations, covenants or undertakings of the Borrower under the Documents;

(b) any modification or amendment of or supplement to the Obligations;

(c) any loss of or in respect of any security held by the Beneficiaries, whether occasioned by the fault of the Beneficiaries or otherwise, including any release, non-perfection or invalidity of any such security;

(d) any change in the existence, structure, constitution, name, control or ownership of the Borrower or any other person, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower or any other person or their respective assets;

(e) the existence of any set-off, counterclaim, claim or other right which the Guarantor or the Borrower may have at any time against the Beneficiaries or any other person, whether in connection with the Credit Agreement, this Guarantee or any unrelated transaction;

(f) any provision of applicable law purporting to prohibit or limit the payment by the Borrower of any Obligation, and the foregoing is hereby waived by the Guarantor to the extent permitted under applicable law;

(g) any limitation, postponement, prohibition, subordination or other restriction on the right of a Beneficiary to payment of the Obligations;

(h) any release, substitution or addition of any other guarantor of the Obligations;

(i) any defence arising by reason of any failure of any Beneficiary to make any presentment, demand, or protest or to give any other notice, including notice of all of the following: acceptance of this Guarantee, partial payment or non-payment of all or any part of the Obligations and the existence, creation, or incurring of new or additional Obligations;

(j) any defence arising by reason of any failure of a Beneficiary to proceed against the Borrower or any other person, or to apply or exhaust any security held from the Borrower or any other person for the Obligations, to proceed against, apply or exhaust any security held from the Guarantor or any other person, or to pursue any other remedy available to the Beneficiaries;

(k) any defence arising by reason of the invalidity, illegality or lack of enforceability of the Obligations or any part thereof or of any security or guarantee in support thereof, or by reason of any incapacity, lack of authority, or other defence of the Borrower or any other person, or by reason of any limitation, postponement or prohibition on a Beneficiary's rights to payment, or the cessation from any cause whatsoever of the liability of the Borrower or any other person with respect to all or any part of the Obligations (other than irrevocable payment to the Beneficiaries in full, in cash, of the Obligations), or by reason of any act or omission of the Beneficiaries or others which directly or indirectly results in the discharge or release of the Borrower or any other person or of all or any part of the Obligations or any security or guarantee therefor, whether by contract, operation of law or otherwise;

(l) any defence arising by reason of the failure by a Beneficiary to obtain, register, perfect or maintain a Security Interest in or upon any property of the Borrower or any other person, or by reason of any interest of the Beneficiaries in any property, whether as owner thereof or as holder of a Security Interest therein or thereon, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or by reason of any impairment of any right or recourse to collateral;

(m) any defence arising by reason of the failure of the Beneficiaries to marshal assets;

(n) to the extent permitted under applicable law, any defence based upon any failure of the Beneficiaries to give to the Borrower or the Guarantor notice of any sale or other disposition of any property securing any or all of the Obligations or any other guarantee thereof, or any notice that may be given in connection with any sale or other disposition of any such property;

(o) any defence based upon or arising out of any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against the Borrower or any other person, including any discharge or bar against collection of any of the Obligations; **[or**

(p) **[the fact that the Borrower has a general partnership interest in the Guarantor;]** or **[<u>Note</u>: Insert subparagraph (p) if applicable.]**

(q) any other law, event or circumstance or any other act or failure to act or delay of any kind by the Borrower, the Beneficiaries or any other person, which might, but for the provisions of this Section, constitute a legal or equitable defence to or discharge, limitation or reduction of the Guarantor's obligations hereunder, other than as a result of the payment or extinguishment in full of the Obligations.

The foregoing provisions apply and the foregoing waivers, to the extent permitted under applicable law, shall be effective even if the effect of any action or failure to take action by the Beneficiaries is to destroy or diminish the Guarantor's subrogation rights, the Guarantor's right to proceed against the Borrower for reimbursement, the Guarantor's right to recover contribution from any other guarantor or any other right or remedy of the Guarantor.

ARTICLE 3
DEALINGS WITH THE BORROWER AND OTHERS

3.1 No Release

The Beneficiaries, without releasing, discharging, limiting or otherwise affecting in whole or in part the Guarantor's liability and obligations hereunder, may:

(a) grant time, renewals, extensions, indulgences, releases and discharges to the Borrower or any other guarantor or endorser;

(b) take or abstain from taking security or collateral from the Borrower or any other guarantor or endorser or from perfecting security or collateral of the Borrower or any other guarantor or endorser;

(c) accept compromises from the Borrower or any other guarantor or endorser;

(d) subject to the Documents, apply all money at any time received from the Borrower or from security upon such part of the Obligations as the Beneficiaries may see fit or change any such application in whole or in part from time to time as the Beneficiaries may see fit; or

(e) otherwise deal with the Borrower and all other persons and security as the Beneficiaries may see fit.

3.2 No Exhaustion of Remedies

The Beneficiaries shall not be bound or obligated to exhaust their recourse against the Borrower or other persons or any securities or collateral it may hold or take any other action (other than to make demand pursuant to Article 5) before the Beneficiaries shall be entitled to demand, enforce and collect payment from the Guarantor hereunder.

3.3 Evidence of Obligations

Any account settled or stated in writing by or between a Beneficiary or the Beneficiaries, as the case may be, and the Borrower shall be *prima facie* evidence that the balance or amount thereof appearing due to the same is so due.

3.4 No Set-off

In any claim by the Beneficiaries against the Guarantor hereunder, the Guarantor shall not claim or assert any set-off, counterclaim, claim or other right that either the Borrower or the Guarantor may have against one or more of the Beneficiaries.

ARTICLE 4
CONTINUING GUARANTEE

4.1 Continuing Guarantee

This Guarantee shall be a continuing guarantee and shall continue to be effective even if at any time any payment of any of the Obligations is rendered unenforceable or is rescinded or must otherwise be returned by any Beneficiary for any reason whatsoever (including the insolvency, bankruptcy or reorganization of the Borrower), all as though such payment had not been made.

4.2 Revival of Indebtedness

If at any time, all or any part of any payment previously received by a Beneficiary and applied to any Obligation must be rescinded or returned by the Beneficiary for any reason whatsoever (including the insolvency, bankruptcy or reorganization of the Borrower), such Obligation shall, for the purpose of this Guarantee, to the extent that such payment must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Beneficiary, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligation as though such application by the Beneficiary had not been made.

ARTICLE 5
DEMAND FOR PAYMENT, EXPENSES AND INTEREST

5.1 Demand for Payment

The Beneficiaries shall be entitled to make demand upon the Guarantor at any time during the continuance of an Event of Default and upon any such demand the Beneficiaries may treat all Obligations as due and payable and may forthwith collect from the Guarantor all Obligations. The Guarantor shall make payment to or performance in favour of the Beneficiaries of all Obligations forthwith after demand therefor is made upon the Guarantor by the Beneficiaries as aforesaid.

5.2 Stay of Acceleration

If acceleration of the time for payment of any amount payable by the Borrower in respect of the Obligations is stayed upon the insolvency, bankruptcy, arrangement or reorganization of the Borrower or any moratorium affecting the payment of the Obligations, all such amounts that would otherwise be subject to acceleration shall nonetheless be payable by the Guarantor hereunder forthwith on demand by the Beneficiaries.

5.3 Expenses

The Guarantor shall pay to the Beneficiaries all reasonable out of pocket costs and expenses, including all reasonable legal fees (on a solicitor and his own client basis) and other expenses incurred by the Beneficiaries from time to time in the enforcement, realization and collection of or in respect of this Guarantee. All such amounts shall be payable by the Guarantor on demand by the Beneficiaries.

5.4 Interest

Any payment obligation comprised in the Obligations guaranteed hereunder which is not paid when due hereunder shall bear interest, to the extent not already included in the Obligations, both before and after default or judgment, from the date of demand pursuant to Section 5.1 to the date of payment at the rate or rates provided in the relevant Document for such Obligations or, in the event no such rate is provided for therein, at a rate per annum that is equal to the Default Rate. Any other amounts payable pursuant hereto, including pursuant to Section 5.3, which are not paid when due hereunder shall bear interest, both before and after default or judgment, from the date of demand pursuant to Section 5.1 to the date of payment or reimbursement thereof by the Guarantor at a rate per annum that is equal to the Default Rate. All such interest shall accrue daily and shall be payable by the Guarantor on demand by the Beneficiaries.

ARTICLE 6
SUBROGATION

6.1 Subrogation

(a) Until all the Obligations have been irrevocably paid in full in cash, the Guarantor shall have no right of subrogation to, and waives to the fullest extent permitted by applicable law, any right to enforce any remedy which the Beneficiaries now have or may hereafter have against the Borrower in respect of the Obligations, and until such time the Guarantor waives any benefit of, and any right to participate in, any security, now or hereafter held by the Beneficiaries for the Obligations.

(b) If (i) the Guarantor performs or makes payment to the Beneficiaries of all amounts owing by the Guarantor under this Guarantee, and (ii) the Obligations are performed and irrevocably paid in full then the Beneficiaries will, at the Guarantor's request, execute and deliver to the Guarantor appropriate documents, without recourse and without representation and warranty, necessary to evidence the transfer by subrogation to the Guarantor of the Beneficiaries' interest in the Obligations and any security held therefor resulting from such performance or payment by the Guarantor.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES; COVENANTS

7.1 Representations and Warranties

The Guarantor represents and warrants as follows to each of the Beneficiaries and acknowledges and confirms that each of the Beneficiaries is relying upon such representations and warranties:

(a) Status and Authority

It is a **[corporation duly incorporated and]** OR **[INSERT OTHER APPROPRIATE DESCRIPTION, AS APPLICABLE]** existing under the laws of • and has all authority, capacity and powers and all material Governmental Authorizations required to carry on its business as now conducted.

(b) Valid Authorization

The execution, delivery and performance by the Guarantor of this Guarantee and each of the Documents to which it is a party (i) is within the Guarantor's authority, capacity and power, (ii) has been duly authorized by all necessary **[corporate]** OR **[INSERT OTHER APPROPRIATE DESCRIPTION, AS APPLICABLE]** and other action, (iii) requires no Governmental Authorization or action by or in respect of, or filing with, any Governmental Authority, and (iv) does not contravene or constitute a default under any provision of applicable law, or any agreement or any judgment, injunction, order, decree or other instrument binding upon the Guarantor or result in the creation or imposition of any Security Interest on any asset of the Guarantor or any of its Subsidiaries (other than pursuant to the Security).

(c) Enforceability of Documents

This Guarantee and each of the other Documents to which the Guarantor is a party constitute valid and legally binding obligations of the Guarantor, enforceable against the Guarantor in accordance with their respective terms subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforceability of creditors' rights and to the fact that equitable remedies are only available in the discretion of the court.

(d) Eligible Contract Participant

As of the date hereof, it is an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder.

7.2 Effective Time of Repetition

All representations and warranties, when repeated or deemed to be repeated hereunder, shall be construed with reference to the facts and circumstances existing at the time of repetition, unless they are stated herein to be made as at the date hereof.

7.3 Nature of Representations and Warranties

The representations and warranties set out in this Guarantee or deemed to be made pursuant hereto shall survive the execution and delivery of this Guarantee notwithstanding any investigations or examinations which may be made by the Beneficiaries or Beneficiaries' Counsel. Such representations and warranties shall survive until this Guarantee has been terminated.

7.4 Covenants Contained in the Credit Agreement and Other Documents

The Guarantor hereby covenants and agrees with the Beneficiaries that the Guarantor shall observe, perform and comply with any and all of the covenants of the Borrower contained in the Credit Agreement or other Documents that the Borrower agrees with which the Guarantor and other Subsidiaries shall observe, perform and comply with or the Borrower shall cause the Guarantor and other Subsidiaries to observe, perform and comply with.

7.5 Keepwell

To the extent the Guarantor is a Qualified ECP Guarantor, it hereby absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by any Subsidiary or Affiliate of the Borrower (that provides a guarantee to the Beneficiaries) to honour all of its obligations under its Guarantee in respect of Swap Obligations (provided, however, that the Guarantor shall only be liable under this Section for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section, or otherwise under this Guarantee, voidable under Applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of the Guarantor under this Section shall remain in full force and effect until discharged in accordance with the provisions of this Guarantee. The Guarantor intends that this Section constitute, and this Section shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each Subsidiary or Affiliate of the Borrower (that provides a guarantee to the Beneficiaries) for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

ARTICLE 8
POSTPONEMENT

8.1 Postponement

Upon the occurrence and during the continuance of a Default or Event of Default, all debts, liabilities and obligations, present and future of the Borrower to or in favour of the Guarantor shall be and are hereby postponed and subordinated to the prior payment and performance in full of the Obligations. All money received by the Guarantor in respect of such debts, liabilities and obligations during the continuance of a Default or Event of Default shall be received and held in trust for the benefit of the Beneficiaries and upon demand hereunder shall be forthwith paid over to the Beneficiaries, the whole without in any way lessening or limiting the liability and obligations of the Guarantor hereunder and this postponement is independent of the Guarantee and shall remain in full force and effect until payment and performance in full of the Obligations and all obligations of the Guarantor under this Guarantee.

ARTICLE 9
GENERAL

9.1 Waiver of Notices

The Guarantor hereby waives promptness, diligence, presentment, demand of payment, notice of acceptance and any other notice with respect to this Guarantee and the obligations guaranteed hereunder, except for the demand pursuant to Section 5.1.

9.2 Benefit of the Guarantee

This Guarantee shall enure to the benefit of the respective successors and permitted assigns of the Beneficiaries and be binding upon the successors of the Guarantor.

9.3 Foreign Currency Obligations

The Guarantor shall make payment relative to each Obligation in the currency (the "**original currency**") in which the Borrower is required to pay such Obligation. If the Guarantor makes payment relative to any Obligation to the Beneficiaries in a currency (the "**other currency**") other than the original currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment shall constitute a discharge of the liability of the Guarantor hereunder in respect of such Obligation only to the extent of the amount of the original currency which the Beneficiaries are able to purchase with the amount of other currency they receive on the date of receipt in accordance with normal practice. If the amount of the original currency which the Beneficiaries are able to purchase is less than the amount of such currency originally due in respect of the relevant Obligation, the Guarantor shall indemnify and save the Beneficiaries harmless from and against any loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Guarantee, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Beneficiaries and shall continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order. A certificate of a Beneficiary as to any such loss or damage shall constitute *prima facie* evidence thereof, in the absence of manifest error.

9.4 Taxes and Set-off by Guarantor

All payments by the Guarantor under this Guarantee, whether in respect of principal, interest, interest on overdue and unpaid interest, fees or any other Obligations, shall be made in full without any deduction or withholding (whether in respect of set-off, counterclaim, duties, Taxes, charges or otherwise whatsoever) unless the Guarantor is prohibited by applicable laws from doing so, in which event the Guarantor shall:

(a) ensure that the deduction or withholding does not exceed the minimum amount legally required;

(b) forthwith pay to the Beneficiaries such additional amount so that the net amount received by the Beneficiaries will equal the full amount which would have been received by it had no such deduction or withholding been made;

(c) pay to the relevant taxation or other authorities, within the period for payment required by applicable laws, the full amount of the deduction or withholding (including the full amount of any deduction or withholding from any additional amount paid pursuant to this Section); and

(d) furnish to the Beneficiaries promptly, as soon as available, an official receipt of the relevant taxation or other authorities involved for all amounts deducted or withheld as aforesaid.

9.5 No Waiver; Remedies

No failure on the part of the Beneficiaries to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

9.6 Severability

If any provision of this Guarantee is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

9.7 Amendments and Waivers

Any provision of this Guarantee may be amended, waived or a consent given in respect thereof with the concurrence of the Guarantor and the Agent on behalf of the Beneficiaries. Any amendment, waiver or any consent by the Agent on behalf of the Beneficiaries under any provision of this Guarantee must be in writing signed by the Agent and may be given subject to any conditions thought fit by the Agent. Any waiver or consent shall be effective only in the instance and for the purpose for which it is given.

9.8 Additional Security

This Guarantee is in addition and without prejudice to any security of any kind (including, without limitation, other guarantees) now or hereafter held by the Beneficiaries and any other rights or remedies they might have.

9.9 Notices

Any demand, notice or other communication (hereinafter in this Section referred to as a "**Communication**") to be given in connection with this Guarantee shall be given in writing

and may be given by personal delivery, facsimile or other electronic means or by registered mail addressed to the recipient as follows:

To the Agent on behalf of the Beneficiaries as follows:

HSBC Bank Canada, as Agent
6th Floor, 70 York Street
Toronto, Ontario M5J 1S9

Facsimile No.: (647) 788-2185
Attention: Agency Services

To the Guarantor:

- **[INSERT NAME OF RELEVANT CANADIAN MATERIAL SUBSIDIARY]**
- ●
- ●
- ●
- ●

Facsimile No.: (●) ●
Attention: ●

or such other address or electronic communication number as may be designated by notice by any party to the other. Any Communication given by personal delivery, facsimile transmission or other electronic means shall be conclusively deemed to have been given on the day of actual delivery or transmittal thereof and, if given by registered mail, on the third day following the deposit thereof in the mail. If the party giving any Communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such Communication shall not be mailed but shall be given by personal delivery, facsimile transmission or other electronic means.

9.10 Assignment

The rights of the Beneficiaries under this Guarantee may be assigned by the Beneficiaries in accordance with the provisions of the Credit Agreement and without the consent of the Borrower or the Guarantor during the continuance of an Event of Default and, at all other times, with the prior written consent of the Guarantor (such consent not to be unreasonably withheld). The Guarantor may not assign its obligations under this Guarantee.

9.11 Time of Essence

Time is of the essence with respect to this Guarantee and the time for performance of the obligations of the Guarantor under this Guarantee may be strictly enforced by the Beneficiaries.

9.12 Financial Condition of the Borrower

The Guarantor is fully aware of the financial condition of the Borrower and acknowledges that it shall receive a benefit from the Beneficiaries entering into the Documents to which the Beneficiaries are a party. The Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of non-payment or non-performance of the Obligations and the nature, scope and extent of the risks which Guarantor assumes and incurs hereunder, and agrees that the Beneficiaries shall not have a duty to advise Guarantor of information known to any of them regarding such circumstances or risks.

9.13 Acknowledgement of Documentation

The Guarantor hereby acknowledges receipt of a true and complete copy of the other Documents and all of the terms and conditions thereof.

9.14 Entire Agreement

This Guarantee and the other Documents constitute the entire agreement between the Beneficiaries and the Guarantor with respect to the subject matter hereof and cancel and supersede any prior understandings and agreements between such parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, expressed, implied or statutory, between such parties other than as expressly set forth herein or therein.

9.15 Governing Law

This Guarantee shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

9.16 Attornment

The Guarantor and each of the Beneficiaries hereby attorn and submit to the jurisdiction of the courts of the Province of Alberta in regard to legal proceedings relating to this Guarantee. For the purpose of all such legal proceedings, the courts of the Province of Alberta shall have jurisdiction to entertain any action arising under this Guarantee. Notwithstanding the foregoing, nothing in this Section shall be construed nor operate to limit the right of the Guarantor or the Beneficiaries to commence any action relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action or matter relating hereto.

[the remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF the Guarantor has executed this Guarantee as of the date first written above.

● [INSERT NAME OF RELEVANT CANADIAN MATERIAL SUBSIDIARY]

Per: _____
Name:
Title:

Per: _____
Name:
Title

SCHEDULE H-5

FLOATING CHARGE DEMAND DEBENTURE
(• [Insert Name of Relevant Canadian Material Subsidiary])

Principal Sum: $800,000,000 Canadian Dollars

Interest Rate: 20.0% per annum

Date: •, 20•

ARTICLE 1 - PROMISE TO PAY

Promise to Pay

1.1 For value received, the undersigned (the "**Debtor**") hereby acknowledges itself indebted and promises to pay ON DEMAND to or to the order HSBC Bank Canada in its capacity as agent (in such capacity, the "**Agent**") for and on behalf of (a) HSBC Bank Canada and such other financial institutions in their capacity as lenders (collectively, the "**Lenders**" and, individually, a "**Lender**") under the amended and restated credit agreement made as of September 29, 2009, as amended and restated as of December 22, 2009, as further amended and restated as of September 27, 2011, as further amended and restated as of October 10, 2012, as further amended and restated as of February 18, 2015, as further amended and restated as of September 27, 2017 and as further amended and restated as of April 30, 2019 between Calfrac Well Services Ltd., as borrower, the Lenders and the Agent (as the same may be further amended, modified, supplemented or restated from time to time, the "**Credit Agreement**"), (b) all Bank Product Affiliates (as defined in the Credit Agreement) of each Lender and (c) all Hedging Affiliates (as defined in the Credit Agreement) of each Lender, for the benefit of the Agent, the Lenders and such Bank Product Affiliates and Hedging Affiliates (collectively, the "**Beneficiaries**"), the principal sum herein stipulated on presentation and surrender of this Debenture at the Agent's offices at 6th Floor, 70 York Street, Toronto, Ontario, M5J 1S9 or at such other place as the Agent may designate by notice in writing to the Debtor, and to pay interest thereon from the date hereof at the rate per annum herein stipulated in like money at the same place monthly on the last day of each month; and, if the Debtor should at any time make default in the payment of any principal or interest to pay interest on the amount in default both before and after demand, default and judgment at the same rate in lawful money of Canada at the same place.

The Agent, on behalf of the Beneficiaries, is the person entitled to receive the principal of and interest on this Debenture and all other amounts payable hereunder.

ARTICLE 2 - CHARGE

Charge

2.1 As security for the due payment of all money payable hereunder and all other obligations hereunder, the Debtor hereby charges, as and by way of a first floating charge to and in favour of the Agent and its successors and assigns, for the benefit of the Beneficiaries and their respective successors and permitted assigns, all of the undertaking, property and assets of the Debtor, both

present and future, of every nature and kind and wherever situate including, without limitation, all of its present and future personal and real property, goodwill, trade-marks, inventions, processes, patents and patent rights, materials, supplies, inventories, motor vehicles, trucks, trailers, machinery, implements, equipment and apparatus of every kind, furniture, rent, revenues, income, money, rights, powers, privileges, franchises, benefits, amenities, contracts, agreements, leases of real and personal property, licenses, permits, book debts, accounts receivable, negotiable and non-negotiable instruments, judgments, securities, choses in action, unpaid capital and all other property and things of value of every kind and nature, tangible and intangible, legal or equitable, which the Debtor now has, may be possessed of, entitled to, or acquire, by way of amalgamation or otherwise, now or hereafter and any and all proceeds of any of the foregoing.

In this Debenture, the mortgages, assignments and charges created and provided for are collectively called the "**Charge**" and the subject matter of the Charge is called the "**Charged Premises**".

Dealings in the Ordinary Course

2.2 Subject to Section 3.1 hereof and until the Charge becomes enforceable, the Debtor may dispose of or deal with the property and assets subjected to the Charge in the ordinary course of business and for the purpose of carrying on the same, so that purchasers thereof or parties dealing with the Debtor take title thereto free and clear of the Charge.

Last Day

2.3 The Charge shall not extend or apply to the last day of the term of any lease or agreement to lease but upon the enforcement of the Charge the Debtor shall stand possessed of such last day in trust for the Agent to assign the same to any person acquiring such term in the course of enforcement of the Charge.

Exception for Certain Contractual Rights

2.4 The Charge does not and shall not extend to, and the Charged Premises shall not include, any agreement, right, franchise, licence or permit (the "**Contractual Rights**") to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of the Charge herein would constitute a breach of the terms of or permit any person to terminate the Contractual Rights, but the Debtor shall hold its interest therein in trust for the Agent and shall assign such Contractual Rights to the Agent forthwith upon obtaining the consent of all other parties thereto. The Debtor agrees that it shall, upon the request of the Agent, use all commercially reasonable efforts to obtain any consent required to permit any Contractual Rights to be subjected to the Charge herein.

Crystallization Against Real Property

2.5 In respect of real property (and interests therein) subject to the floating charge created by Section 2.1, such floating charge shall become a fixed charge against such property and interests upon the earlier of (a) the Charge becoming enforceable in accordance with Section 4.1 and the Agent giving written notice to the Debtor that the indebtedness secured thereby is forthwith due and payable and that the floating charge has become a fixed charge on the real property and interests therein charged thereby, and (b) the occurrence of any other event which by operation of law would

result in the floating charge becoming a fixed charge on the real property and interests therein of the Debtor charged thereby.

ARTICLE 3 - NEGATIVE PLEDGE

Negative Pledge

3.1 Except as has otherwise been agreed in writing with the Agent and the Lenders, the Debtor shall not create, assume, have outstanding or permit to exist, except in favour of the Agent, any mortgage, charge, pledge, lien, assignment by way of security, security interest or other encumbrance on any part of the Charged Premises.

ARTICLE 4 - DEFAULT AND REMEDIES

Default

4.1 If the Debtor makes default in the payment of principal, interest or any other amount payable hereunder or in the due performance of the terms and conditions of Section 3.1 hereof, the Charge shall immediately become enforceable.

Remedies

4.2 (1) Whenever the Charge has become enforceable, the Agent may realize upon the Charged Premises and shall have the following rights and remedies, which rights and remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights or remedies the Beneficiaries may have:

(a) the Agent may by appointment in writing appoint a receiver or receiver and manager (each herein referred to as the "**Receiver**") of the Charged Premises and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Charged Premises or any part thereof; and the term "Agent" when used in this Section 4.2 shall include any Receiver so appointed and the agents, officers and employees of such Receiver;

(b) the Agent may take possession of the Charged Premises and require the Debtor to make the Charged Premises available to the Agent;

(c) the Agent may take such steps as it considers desirable to maintain, preserve or protect the Charged Premises;

(d) the Agent may carry on or concur in the carrying on of all or any part of the business of the Debtor relating to the Charged Premises;

(e) the Agent may enforce any rights of the Debtor in respect of the Charged Premises by any manner permitted by law;

(f) the Agent may sell, lease or otherwise dispose of the Charged Premises by judicial sale, by foreclosure, by public auction, by private tender or by private sale either for

cash or upon credit upon such terms and conditions as the Agent may determine and without notice to the Debtor unless required by law and may execute and deliver to the purchaser or purchasers of the Charged Premises or any part thereof a good and sufficient deed or conveyance or deeds or conveyances for the same, any Vice President, Manager or Director of the Agent being hereby constituted the irrevocable attorney of the Debtor for the purpose of making such sale and executing such deeds or conveyances, and any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Debtor and all other persons claiming all or any part of the Charged Premises by, from, through or under the Debtor;

(g) the Agent may accept the Charged Premises in satisfaction or partial satisfaction of the Charge upon notice to the Debtor of its intention to do so in the manner required by law;

(h) the Agent may borrow money on the security of the Charged Premises for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Charged Premises in priority to the Charge;

(i) the Agent may perform any obligation, covenant or provision under the Credit Agreement referred to herein and the costs thereof are a charge on the Charged Premises and shall be added to the amounts due hereunder and shall be served by the Charge; and

(j) the Agent may exercise any other right or remedy permitted by law or equity, including, without limitation, all rights and remedies of a secured party under the *Personal Property Security Act* (Alberta) or any similar personal property legislation of any jurisdiction in which any of the Charged Premises is located or which, by operation of law, governs or is deemed to govern the Charged Premises.

(2) The Debtor further agrees with the Agent that:

(a) the Beneficiaries shall not be liable or responsible for any failure to seize, collect, realize, sell or obtain payment of the Charged Premises and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment of the Charged Premises or for the purpose of preserving any rights of the Beneficiaries, the Debtor or any other person, firm or corporation in respect of the Charged Premises;

(b) the Beneficiaries may grant extensions of time, take, abstain from taking and perfecting and give up securities, accept compositions, grant releases and discharges, release any part of the Charged Premises and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Charged Premises and other securities as the Agent may see fit without prejudice to the liability of the Debtor to the Beneficiaries or the Beneficiaries' rights hereunder;

(c) to facilitate the realization of the Charged Premises, the Agent may enter upon, occupy and use all or any of the premises, buildings and plant comprising the

Charged Premises and use all or any of the equipment and other personal property of the Debtor for such time as the Agent requires to facilitate such realization, free of charge (as between the Debtor and the Agent), and the Beneficiaries shall not be liable to the Debtor for any neglect in so doing (other than gross negligence or wilful misconduct on the part thereof) or in respect of any rent, charges or depreciation in connection with such actions;

(d) the Agent may charge on its own behalf and pay to others all reasonable amounts for expenses incurred and for services rendered in connection with the exercise of the rights and remedies of the Beneficiaries hereunder, including, without limiting the generality of the foregoing, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith shall be added to the amounts due hereunder and shall be secured by the Charge;

(e) the Agent may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Charged Premises, and in every such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the amounts due hereunder and shall be secured by the Charge; and

(f) any proceeds of realization of the Charged Premises may be applied by the Agent to the payment of expenses in connection with the preservation and realization of the Charged Premises as above described and any balance of such proceeds shall be applied by the Agent to payment of any amount owing by the Debtor to the Agent in such order as the Agent may see fit; if there is any surplus remaining, it may be paid to any person having a claim thereto in priority to the Debtor of whom the Agent has knowledge and may be applied or retained as reserves against potential claims that the Agent or the Receiver in good faith believes should be maintained and the balance remaining, if any, shall (subject to applicable law) be paid to the Debtor.

(3) Any Receiver shall be entitled to exercise all rights and powers of the Agent hereunder. To the extent permitted by law, any Receiver shall for all purposes be deemed to be the agent of the Debtor and not of the Agent and the Debtor shall be solely responsible for the Receiver's acts or defaults and remuneration.

(4) The Debtor hereby irrevocably appoints the Agent attorney on its behalf to sell or transfer the Charged Premises and to execute all instruments, and do all acts, matters and things that may be necessary for carrying out the powers hereby given and for the recovery of all rents and sums of money that may become or are now due or owing to the Debtor in respect of the Charged Premises and for the enforcement of all contracts, covenants or conditions binding on any lessee or occupier of the Charged Premises or on any person in respect of it and this appointment shall take effect if the Charge has become enforceable.

ARTICLE 5 - GENERAL

Expenses

5.1 The Debtor shall pay to the Agent forthwith on demand all reasonable costs, charges and expenses, including all reasonable legal fees, incurred by the Agent in connection with the recovery or enforcement of payment of any moneys owing hereunder whether by realization or otherwise. All such sums, together with interest thereon at the rate set forth in this Debenture, shall be added to the amount payable hereunder and shall be secured by the Charge.

Pledge of Debenture

5.2 This Debenture may be pledged by the Debtor as security for its indebtedness and liabilities. While this Debenture is so pledged, no payment by the Debtor of the whole or any part of any indebtedness secured by this Debenture shall reduce the amount owing under this Debenture unless specifically appropriated to and noted on this Debenture by the Agent at the time of payment.

Not Negotiable

5.3 This Debenture is not a negotiable instrument and the rights created hereunder which are exercisable by any holder hereof other than the Agent are no greater than the rights of the Agent, and any holder hereof is subject to the same obligations, duties, liabilities and defences as the Agent would have been subject to.

No Waiver, Remedies

5.4 No failure on the part of the Beneficiaries or the Agent on their behalf to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Notices

5.5 Any demand, notice or communication to be made or given hereunder shall be in writing and may be made or given by personal delivery, by transmittal, by facsimile transmission or other electronic means of communication addressed to the Debtor as follows:

- **[insert name of relevant Canadian Material Subsidiary]**
-
-
-

Facsimile No.: (•) •
Attention: •

or to such other address or electronic communication number as the Debtor may from time to time notify the Agent in writing. Any demand, notice or communication made or given by personal delivery or by facsimile transmission or other electronic means of communication shall be conclusively deemed to have been made or given on the day of actual delivery or transmittal thereof.

Additional Security

5.6 This Debenture and the Charge shall be and shall be deemed to have been given in addition to and not in place of any other security now or hereafter held or acquired by the Beneficiaries.

Headings; References to Debenture

5.7 The division of this Debenture into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Debenture. The terms "this Debenture", "hereof", "hereunder" and similar expressions refer to this Debenture and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Debenture.

Number; Gender; Persons

5.8 In this Debenture words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

Governing Law

5.9 This Debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Attornment

5.10 The Debtor hereby attorns and submits to the jurisdiction of the courts of the Province of Alberta. For the purpose of all legal proceedings, this Debenture shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have jurisdiction to entertain any action arising under this Debenture. Notwithstanding the foregoing, nothing herein shall be construed nor operate to limit the right of the Debtor or the Beneficiaries to commence any action relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action or matter relating hereto.

Benefit of the Debenture

5.11 This Debenture shall be binding upon the successors and permitted assigns of the Debtor (including, without limitation, any corporation resulting from an amalgamation with the Debtor) except that the Debtor may not assign its obligations under this Debenture without the prior written consent of the Agent. This Debenture shall benefit the successors and permitted assigns of the Beneficiaries.

Time of the Essence

5.12 Time shall be of the essence with regard to this Debenture.

Discharge

5.13 The Debtor shall not be discharged from the Charge, this Debenture or any of its obligations hereunder except by a release or discharge in writing signed by the Agent.

Waiver of Financing Statement, Etc.

5.14 The Debtor hereby waives the right to receive from the Agent or the other Beneficiaries a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this Debenture or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this Debenture.

No Merger

5.15 No item or part of this Debenture shall be merged or be deemed to have been merged in or by any documents, instruments or acknowledgements delivered in connection with this Debenture or the Credit Agreement referred to herein, or any simple contract debt or any judgment, and any realization of or steps taken under or pursuant to any security, instrument or agreement shall be independent of and not create a merger with any other right available to the Beneficiaries under any security, instruments or agreements held by it or at law or in equity. No obligation of the Borrower hereunder shall merge in any judgment relating to any such obligation.

References to Debtor

5.16 **[All references in this Debenture to covenants of, actions and steps by, or the performance of the terms and conditions hereof by the "Debtor" shall, as the context requires, be and shall be construed as being by the partners of • on behalf of and in respect of such partnership.] [Note: Insert Section 5.15, with appropriate conforming changes, for a Debenture from a general partnership; insert similar provisions, with additional conforming changes, for a Debenture from a limited partnership, trust or other unincorporated entity.]**

[the remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF the Debtor has executed this Debenture as of the date first written above.

• [INSERT NAME OF RELEVANT CANADIAN MATERIAL SUBSIDIARY]

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE H-6

THIS DEBENTURE PLEDGE AGREEMENT made as of ●, 20●.
(● [Insert Name of Relevant Canadian Material Subsidiary])

Description of Floating Charge Demand Debenture

Principal Sum: $800,000,000 Canadian Dollars

Interest Rate: 20.0% per annum

Date: ●, 20●

WHEREAS:

A. HSBC Bank Canada and certain other lenders (collectively, the "**Lenders**") and HSBC Bank Canada in its capacity as agent on behalf of the Lenders (in that capacity, the "**Agent**") have entered into an amended and restated credit agreement with Calfrac Well Services Ltd. (the "**Borrower**"), as borrower, made as of September 29, 2009, as amended and restated as of December 22, 2009, as further amended and restated as of September 27, 2011, as further amended and restated as of October 10, 2012, as further amended and restated as of February 18, 2015, as further amended and restated as of September 27, 2017 and as further amended and restated as of April 30, 2019 (as further amended, modified, supplemented or restated from time to time, the "**Credit Agreement**") pursuant to which the Lenders have agreed to make certain credit facilities available to the Borrower;

B. ● **[insert name of relevant Canadian Material Subsidiary]** (the "**Debtor**") is a Material Subsidiary of the Borrower and has executed and delivered to the Agent and the Lenders a Guarantee made as of even date herewith (as amended, modified, supplemented or restated from time to time, the "**Guarantee**") wherein, *inter alia*, the Debtor has guaranteed all present and future "Obligations" (as defined in the Guarantee);

C. In order to secure the payment and performance of all present and future Obligations (as hereinafter defined) of the Debtor to the Agent, the Lenders, the Bank Product Affiliates and the Hedging Affiliates (collectively, the "**Beneficiaries**"), the Debtor has created and issued to the Agent the debenture described above (as the same may hereafter be amended, modified, supplemented and restated from time to time, the "**Debenture**");

D. The purpose of this Debenture Pledge Agreement is to set forth the terms and conditions upon which the Debenture is to be held by the Agent;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby conclusively acknowledged by the Debtor, the Debtor hereby agrees and covenants with the Agent as follows:

1. The Debtor hereby grants a security interest in and deposits with and pledges to the Agent the Debenture to be held by the Agent as general and continuing collateral security for the payment and performance of all present and future obligations, liabilities and indebtedness (absolute or contingent, matured or otherwise) of the Debtor to the Beneficiaries including, without limitation, all present and

future obligations, liabilities and indebtedness (absolute or contingent, matured or otherwise) of the Debtor under, pursuant or relating to the Guarantee and other Documents, in each case whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again (collectively, the "**Obligations**").

2. The Agent shall neither demand payment pursuant to the Debenture nor enforce the security constituted thereby unless the Agent shall be entitled to do so pursuant to the provisions of the Guarantee and other Documents and the other agreements, instruments or documents establishing, creating or evidencing any Obligations (collectively, the "**Credit Documents**"), but thereafter the Agent may at any time exercise and enforce all of the rights and remedies of a holder of the Debenture as if the Agent was the absolute owner thereof without notice to or control by the Debtor, and any such remedy may be exercised separately or in combination with, and shall be in addition to and not in substitution for, any other right or remedy of the Agent and the Beneficiaries however created, provided that the Agent shall not be bound to exercise any such right or remedy.

3. Subject to the requirements of applicable law, the Agent shall not be bound under any circumstances to realize upon or under the Debenture and shall not be responsible to the Debtor for any loss occasioned by any sale or other dealing with the Debenture or the Charged Premises (as defined in the Debenture) or by the retention of or failure to sell or otherwise deal with the same.

4. The proceeds of or any other amount received pursuant to the Debenture shall be applied by the Agent on account of the Obligations in such order as the Agent sees fit without prejudice to the Agent's or the Beneficiaries' claim upon the Debtor for any deficiency. Subject to the requirements of applicable law, any surplus realized by the Agent in excess of the Obligations shall be paid over to the Debtor.

5. Subject to paragraph 2 hereof, the Agent shall not be obliged to exhaust its recourse against the Debtor, any other person or persons, or any other security it may hold with respect to the Obligations before realizing upon, under, or otherwise dealing with the Debenture in such manner as the Agent sees fit. The Agent and the Beneficiaries may grant extensions of time or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Debtor and with other parties, sureties or securities as they may see fit, without prejudice to the liability of the Debtor or the Agent's or the Beneficiaries' rights in respect of the Debenture.

6. Notwithstanding the stated interest rate per annum in the Debenture, payment to the Beneficiaries or, in the case of obligations of the Borrower payable pursuant to the Credit Agreement, the Agent for the account of the Lenders of the relevant interest, fees and other amounts owing under the Credit Documents for any period at the current rate at which the relevant obligations bear interest for such period pursuant to the Credit Documents shall be deemed to be payment in satisfaction of the interest payment for the same period under the Debenture.

7. The Debenture shall not operate by way of merger of any of the Obligations and no judgment recovered by the Agent or the Beneficiaries shall operate by way of merger of or in any way affect the security of the Debenture which is in addition to and not in substitution for any other security now or hereafter held by the Agent or the Beneficiaries with respect to the Obligations.

8. Notwithstanding the form and terms of the Debenture and the provisions of this Debenture Pledge Agreement, (a) the Agent shall not claim or realize an amount under or in respect of the Debenture in

excess of the aggregate Obligations, from time to time, of the Debtor to the Agent and the Beneficiaries and (b) the provisions of this Debenture Pledge Agreement and the Debenture, in particular, but without limitation, Sections 2.2 and 3.1 of the Debenture, are subject to the provisions of the Guarantee relating to the subject matter thereof. If there are any express conflicts or inconsistencies between the terms of the Guarantee and the Debenture or this Debenture Pledge Agreement, then the terms of the Guarantee shall govern in all respects to the extent necessary eliminate such express conflicts or inconsistencies.

9. Upon payment and satisfaction in full of the Obligations and cancellation in full of the credit facilities established under the Credit Agreement when none of the Beneficiaries has other credit facilities in favour of or any obligation to provide credit to the Borrower, the Agent shall, at the request of the Debtor, deliver up the Debenture to the Debtor and shall, at the request and expense of the Debtor, execute and deliver to the Debtor releases, discharges and such other instruments as shall be required to effectively discharge the Charge (as defined in the Debenture).

10. Time shall be of the essence with regard to this Debenture Pledge Agreement.

11. Capitalized terms used herein without express definition shall have the same meanings ascribed thereto as are set forth in the Guarantee and Credit Agreement (as applicable).

12. This Debenture Pledge Agreement shall enure to the benefit of and be binding upon the Debtor, the Agent and the Beneficiaries and their respective successors and permitted assigns.

13. The parties hereto each hereby attorn and submit to the jurisdiction of the courts of the Province of Alberta. For the purpose of all legal proceedings, this Debenture Pledge Agreement shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have jurisdiction to entertain any action arising under this Debenture Pledge Agreement. Notwithstanding the foregoing, nothing herein shall be construed nor operate to limit the right of either party hereto to commence any action relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action or matter relating hereto.

14. This Debenture Pledge Agreement shall be governed by and construed in accordance with the laws in force in the Province of Alberta.

15. The Debtor hereby waives the right to receive from the Agent or the Beneficiaries a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this Debenture Pledge Agreement or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this Debenture Pledge Agreement.

16. The Debtor may not assign its obligations under this Debenture Pledge Agreement.

17. **[All references in this Debenture Pledge Agreement to covenants of, actions and steps by, or the performance of the terms and conditions hereof by the "Debtor" shall, as the context requires, be and shall be construed as being by the partners of ● on behalf of and in respect of such partnership.] [Note: Insert Section 17, with appropriate conforming changes, for a Debenture Pledge Agreement with a general partnership; insert similar provisions, with additional conforming changes, for a Debenture Pledge Agreement with a limited partnership, trust or other unincorporated entity.]**

IN WITNESS WHEREOF the Debtor has executed this Debenture Pledge Agreement as of the date first above written.

● [INSERT NAME OF RELEVANT CANADIAN MATERIAL SUBSIDIARY]

Per: _____
Name:
Title:

Per: _____
Name:
Title:

ACCEPTED AS OF THE DATE FIRST ABOVE WRITTEN BY:

HSBC BANK CANADA,
as Agent

Per: _____
Name:
Title:

SCHEDULE H-7

GENERAL SECURITY AGREEMENT
(● [Insert Name of Relevant Canadian Material Subsidiary])

THIS AGREEMENT made as of ●, 20●

B E T W E E N :

● **[INSERT NAME OF RELEVANT CANADIAN MATERIAL SUBSIDIARY]**, a ● existing under the laws of ● (hereinafter referred to as the "**Debtor**")

- and -

HSBC BANK CANADA, a Canadian chartered bank, in its capacity as Agent (hereinafter referred to as the "**Secured Party**").

WHEREAS the Debtor has agreed to grant, as general and continuing security for the payment and performance of the Obligations (as hereinafter defined), the security interest and assignment, mortgage and charge granted herein;

AND WHEREAS the Lenders, the Bank Product Affiliates and the Hedging Affiliates have appointed and authorized the Secured Party to act as their agent and attorney for the purpose of holding security granted by the Debtor;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements herein contained the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals hereto, this Section and any schedules or attachments hereto, unless something in the subject matter or context is inconsistent therewith:

"**Agreement**" means this agreement, as amended, modified, supplemented or restated from time to time in accordance with the provisions hereof.

"**Beneficiaries**" means, collectively, the Lenders, the Bank Product Affiliates, the Hedging Affiliates and the Agent, and "**Beneficiary**" means any of the Lenders, the Bank Product Affiliates, the Hedging Affiliates or the Agent.

"**Charge**" means the security interests, assignments, mortgages and charges created hereunder.

"**Collateral**" has the meaning set out in Section 2.1.

"**Credit Agreement**" means the amended and restated credit agreement made as of September 29, 2009, as amended and restated as of December 22, 2009, as further amended and restated as of September 27, 2011, as further amended and restated as of October 10, 2012, as further amended and restated as of February 18, 2015, as further amended and restated as of September 27, 2017 and as further amended and restated as of April 30, 2019 between Calfrac Well Services Ltd., the Secured Party and the Lenders relating to the establishment of certain credit facilities in favour of Calfrac Well Services Ltd., as the same may be amended, modified, supplemented or restated from time to time in accordance with the provisions thereof.

"**Guarantee**" means the guarantee made as of even date herewith by the Debtor in favour of the Beneficiaries, as the same may be amended, modified, supplemented or restated from time to time in accordance with the provisions thereof.

"**Obligations**" means, collectively and at any time and from time to time, all present and future obligations, liabilities and indebtedness (absolute or contingent, matured or otherwise) of the Debtor to the Beneficiaries including, without limitation, all present and future obligations, liabilities and indebtedness (absolute or contingent, matured or otherwise) or the Debtor under, pursuant or relating to the Guarantee and other Documents, in each case whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again.

1.2 Definitions used in the Credit Agreement

Capitalized terms used herein without express definition shall, unless something in the subject matter or context is inconsistent therewith, have the same meanings as are ascribed to such terms in the Credit Agreement.

1.3 Personal Property Security Act Definitions

The terms "accessions", "accounts", "chattel paper", "documents of title", "goods", "instruments", "intangibles", "inventory", "investment property", "money" and "proceeds" whenever used herein shall have the meanings given to those terms in the *Personal Property Security Act* (Alberta) (the "**PPSA**"), as now enacted or as the same may from time to time be amended, re-enacted or replaced.

1.4 Headings and References

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.

1.5 Included Words

In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders, words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

1.6 Calculation of Interest

Whenever a rate of interest hereunder is calculated on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for the purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

1.7 Schedules

Any schedule to this Agreement is incorporated by reference and shall be deemed to be part of this Agreement.

1.8 [References to Debtor]

[All references in this Agreement to representations and warranties by, covenants of, actions and steps by, or the performance of the terms and conditions hereof by the "Debtor" shall, as the context requires, be and shall be construed as being by the partners of ● on behalf of and in respect of such partnership.] [Note: Insert Section 1.8, with appropriate conforming changes, for an Agreement by a general partnership; insert similar provisions, with additional conforming changes, for an Agreement by a limited partnership, trust or other unincorporated entity.]

ARTICLE 2
GRANT OF SECURITY

2.1 Security

As general and continuing security for the payment and performance of the Obligations, the Debtor hereby grants to the Secured Party a security interest in all of the present and future undertaking, assets and property, both real and personal, including, without limitation, all present and after-acquired personal property of the Debtor (collectively, the "**Collateral**"), and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby assigns the Collateral to the Secured Party and mortgages and charges the Collateral to the Secured Party (with respect to real property, as and by way of a floating charge). Without limiting the generality of the foregoing, the Collateral shall include all right, title and interest that the Debtor now has, may be possessed of, entitled to, or acquire, by way of amalgamation or otherwise, now or hereafter or may hereafter have in all property of the following kinds:

(a) Accounts Receivable: all debts, accounts, accounts receivables, claims and choses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "**Receivables**");

(b) Inventory: all inventory of whatever kind and wherever situated including, without limiting the generality of the foregoing, all goods held for sale or lease, or furnished or to be furnished under contracts for service, or that are work in progress, or that are raw materials used or consumed in the business of the Debtor (collectively, the "**Inventory**");

(c) Equipment: all goods, machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which are not Inventory, including, without limiting the generality of the foregoing, the tangible personal property described in any schedule hereto executed by both the Debtor and the Secured Party;

(d) Chattel Paper: all chattel paper;

(e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;

(f) Investment Property and Instruments: all shares, stock, warrants, bonds, debentures, debenture stock and other investment property and all instruments (collectively, the "**Securities**");

(g) Intangibles: all intangibles not described in Section 2.1(a) including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other industrial property;

(h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;

(i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.1(a) to (h) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof;

(j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.1(a) to (i) inclusive; and

(k) Proceeds: all proceeds of the property described in Sections 2.1(a) to (j) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for the loss of or damage to such property;

provided that the Charge shall not: (i) extend, include or apply to the last day of the term of any lease now held or hereafter acquired by the Debtor, but should the Secured Party enforce the said

Charge, the Debtor shall thereafter stand possessed of such last day and shall hold it in trust to assign the same to any person acquiring such term in the course of the enforcement of the said Charge, (ii) render the Secured Party liable to observe or perform any term, covenant or condition of any agreement, document or instrument to which the Debtor is a party or by which it is bound, or (iii) extend to, and the Collateral shall not include any agreement, right, franchise, licence or permit (the "**Contractual Right**s") to which the Debtor is a party or of which the Debtor has benefit, to the extent that the creation of the Charge herein would constitute a breach of the terms of, or permit any person to terminate, the Contractual Rights, but the Debtor shall hold its interest therein in trust for the Secured Party and shall assign such Contractual Rights to the Secured Party forthwith upon obtaining the consent of all other parties thereto. The Debtor agrees that it shall, upon the request of the Secured Party, use all commercially reasonable efforts to obtain any consent required to permit any Contractual Rights to be subjected to the Charge herein.

2.2 Attachment of Security Interest

The Debtor acknowledges that value has been given and agrees that the security interest granted hereby shall attach when the Debtor signs this Agreement and the Debtor has any rights in the Collateral.

ARTICLE 3
REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR

3.1 Representations and Warranties

The Debtor hereby represents and warrants to the Secured Party and the Beneficiaries that (and acknowledges that the Secured Party and the Beneficiaries are relying on the same):

(a) the address of the Debtor's chief executive office (as such term is utilized in the PPSA) is ●;

(b) the address of the office where the Debtor keeps its records respecting the Receivables is ●;

(c) all of the tangible property and assets of the Debtor, real or personal, are located in the Provinces of ●, ● and ●; and

(d) it has not granted "control" (within the meaning of such term under Section 1(1.1) of the PPSA) over any investment property to any person other than the Secured Party.

3.2 Survival of Representations and Warranties

The representations and warranties set out in this Agreement shall survive the execution and delivery of this Agreement notwithstanding any investigations or examinations which may be made by any of the Beneficiaries or their legal counsel. Such representations and

warranties shall survive until this Agreement has been terminated and discharged in accordance with Section 6.8 hereof.

3.3 Covenants

The Debtor covenants with the Secured Party that the Debtor shall:

(a) not change its name or its chief executive office or the location of the office where it keeps its records respecting the Receivables without giving 15 days' prior written notice thereof to the Secured Party;

(b) from time to time forthwith at the request of the Secured Party execute and deliver all such financing statements, schedules, assignments and documents, and do all such further acts and things as may be reasonably required by the Secured Party to effectively carry out the full intent and meaning of this Agreement, including, without limitation, to enforce the Charge and remedies provided hereunder, or to better evidence and perfect the Charge, and, upon the occurrence of an Event of Default, the Debtor hereby irrevocably constitutes and appoints the Secured Party, or any receiver or receiver and manager appointed by the court or the Secured Party, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever the Secured Party or any such Receiver may consider it to be necessary or expedient;

(c) pay to the Secured Party forthwith upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all reasonable legal, Receiver's and accounting fees and expenses) incurred by or on behalf of the Secured Party in connection with the preparation, execution and perfection of this Agreement and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, protecting and preserving the Charge and enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses shall be added to and form part of the Obligations secured hereunder; and

(d) not grant "control" (within the meaning of such term under Section 1(1.1) of the PPSA) over any investment property to any person other than the Secured Party.

ARTICLE 4
SECURITIES; ACCOUNT DEBTORS

4.1 Registration of Securities

If a Default has occurred and is continuing, the Secured Party may require that the Debtor have any Securities registered in the name of the Secured Party or in the name of its nominee and shall be entitled but not bound or required to exercise any of the rights that any holder of such Securities may at any time have, provided that, until an Event of Default has occurred and is continuing, the Debtor shall be entitled to exercise all voting power from time to time exercisable in respect of the Securities. The Beneficiaries shall not be responsible for any loss occasioned by the exercise of any of such rights or by failure to exercise the same within the

time limited for the exercise thereof. The Debtor shall from time to time forthwith upon the request of the Secured Party deliver to the Secured Party those Securities requested by the Secured Party duly endorsed for transfer to the Secured Party or its nominee to be held by the Secured Party subject to the terms of this Agreement.

4.2 Notification of Account Debtors

If an Event of Default has occurred and is continuing, the Secured Party may give notice of this Agreement and the Charge granted hereby to any account debtors of the Debtor or to any other person liable to the Debtor and may give notice to any such account debtors or other person to make all further payments to the Secured Party, and, after the occurrence and during the continuance of an Event of Default, any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by the Secured Party shall be held by the Debtor in trust for the Secured Party and forthwith paid over to the Secured Party on request.

ARTICLE 5
REMEDIES

5.1 Remedies

(a) Upon the occurrence and during the continuance of any Event of Default any or all security granted hereby shall, at the option of the Secured Party, become immediately enforceable and, in addition to any right or remedy provided by law, the Secured Party will have the rights and remedies set out below, all of which rights and remedies will be enforceable successively, concurrently, or both, and are in addition to and not in substitution for any other rights or remedies the Secured Party may have:

(i) the Secured Party may by appointment in writing appoint a receiver or receiver and manager (each herein referred to as the "**Receiver**") of the Collateral (which term when used in this Section 5.1 shall include the whole or any part of the Collateral) and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral; and the term "Secured Party" when used in this Section 5.1 shall include any Receiver so appointed and the agents, officers and employees of such Receiver; and the Secured Party shall not be in any way responsible for any misconduct or negligence of any such Receiver;

(ii) the Secured Party may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at such place or places as may be specified by the Secured Party;

(iii) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral;

(iv) the Secured Party may carry on or concur in the carrying on of all or any part of the business of the Debtor;

(v) the Secured Party may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;

(vi) the Secured Party may sell, lease or otherwise dispose of the Collateral at public auction, by private tender, by private sale or otherwise either for cash or upon credit upon such terms and conditions as the Secured Party may determine and without notice to the Debtor unless required by law and may execute and deliver to the purchaser or purchasers of the Collateral or any part thereof a good and sufficient deed or conveyance or deeds or conveyances for the same, any officer or duly authorized representative of the Secured Party being hereby constituted the irrevocable attorney of the Debtor for the purpose of making such sale and executing such deeds or conveyances, and any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Debtor and all other persons claiming all or any part of the Collateral by, from, through or under the Debtor;

(vii) the Secured Party may accept the Collateral in satisfaction or partial satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;

(viii) the Secured Party may borrow money on the security of the Collateral for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Collateral in priority to the Charge;

(ix) the Secured Party may enter upon, occupy and use all or any of the Collateral occupied by the Debtor and use all or any of the Collateral for such time as the Secured Party requires to facilitate the realization of the Collateral, free of charge, and the Secured Party and the Beneficiaries will not be liable to the Debtor for any neglect in so doing (other than gross negligence or wilful misconduct on the part thereof) or in respect of any rent, charges, depreciation or damages in connection with such actions;

(x) the Secured Party may charge on its own behalf and pay to others all amounts for expenses incurred and for services rendered in connection with the exercise of the rights and remedies of the Beneficiaries hereunder, including, without limiting the generality of the foregoing, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith, including interest thereon at a rate per annum equal to the rate of interest per annum then payable on Canadian Prime Rate Loans plus 2.0% per annum, shall be added to and form part of the Obligations hereby secured; and

(xi) the Secured Party may discharge any claim, Security Interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in every such case the amounts so paid together with all reasonable costs, charges and expenses incurred in connection therewith shall be added to the Obligations hereby secured.

(b) The Secured Party and the Beneficiaries may:

(i) grant extensions of time,

(ii) take and perfect or abstain from taking and perfecting security,

(iii) give up securities,

(iv) accept compositions or compromises,

(v) grant releases and discharges, and

(vi) release any part of the Collateral or otherwise deal with the Debtor, debtors and creditors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party sees fit,

without prejudice to the liability of the Debtor to the Secured Party and the Beneficiaries or the Beneficiaries' rights hereunder.

(c) The Beneficiaries shall not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person, in respect of the Collateral.

(d) The Secured Party shall apply any proceeds of realization of the Collateral to payment of reasonable expenses in connection with the preservation and realization of the Collateral as above described and the Secured Party shall apply any balance of such proceeds to payment of the Obligations in accordance with the Credit Agreement. If the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid expenses, the Debtor will be liable to pay any deficiency to the Secured Party and the Beneficiaries forthwith on demand. Subject to the requirements of applicable law, any surplus realized in excess of the Obligations shall be paid over to the Debtor.

(e) Any Receiver shall be entitled to exercise all rights and powers of the Secured Party hereunder. To the extent permitted by law, any Receiver shall for all purposes be deemed to be the agent of the Debtor and not of the Secured Party and the Debtor shall be solely responsible for the Receiver's acts or defaults and remuneration.

ARTICLE 6
GENERAL

6.1 Benefit of the Agreement

This Agreement shall be binding upon the successors and permitted assigns of the Debtor and shall benefit the successors and permitted assigns of the Secured Party and other Beneficiaries.

6.2 Conflict of Terms; Entire Agreement

This Agreement has been entered into as collateral security for the Obligations and is subject to all the terms and conditions of the Guarantee and, if there is any conflict or inconsistency between the provisions of this Agreement and the provisions of the Guarantee, the rights and obligations of the Debtor, the Secured Party and the Beneficiaries shall be governed by the provisions of the Guarantee. This Agreement together with the Guarantee and all other Documents constitute the entire agreement between the Debtor and the Secured Party with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Beneficiaries and the Debtor except as expressly set forth therein and herein.

6.3 No Waiver

No delay or failure by the Beneficiaries in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right.

6.4 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

6.5 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, facsimile or other electronic means, addressed to the recipient as follows:

To the Debtor:

● [INSERT NAME OF RELEVANT CANADIAN MATERIAL SUBSIDIARY]
●
●
●

Attention: ●
Facsimile No: (●) ●

To the Secured Party:

HSBC Bank Canada, as Agent
6th Floor, 70 York Street
Toronto, Ontario
M5J 1S9

Attention: Agency Services
Facsimile No: (647) 788-2185

or such other address, electronic communication number, or to the attention of such other individual as may be designated by notice by any party to the other. Any demand, notice or communication made or given by personal delivery or by facsimile or other electronic means of communication during normal business hours at the place of receipt on a Banking Day shall be conclusively deemed to have been made or given at the time of actual delivery or transmittal, as the case may be, on such Banking Day. Any demand, notice or communication made or given by personal delivery or by facsimile or other electronic means of communication after normal business hours at the place of receipt or otherwise than on a Banking Day shall be conclusively deemed to have been made or given at 9:00 a.m. (Calgary time) on the first Banking Day following actual delivery or transmittal, as the case may be.

6.6 Modification; Waivers; Assignment

This Agreement may not be amended or modified in any respect except by written instrument signed by the Debtor and the Secured Party. No waiver of any provision of this Agreement by the Secured Party shall be effective unless the same is in writing and signed by the Secured Party, and then such waiver shall be effective only in the specific instance and for the specific purpose for which it is given. The rights of the Secured Party (including those of any Beneficiary) under this Agreement may only be assigned in accordance with the requirements of the Credit Agreement or applicable Lender Financial Instrument (as the case may be). The Debtor may not assign its obligations under this Agreement. Any assignee of a Beneficiary shall be bound hereby, *mutatis mutandis*.

6.7 Additional Continuing Security

This Agreement and the Charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party or the Beneficiaries and this Agreement is a continuing agreement and security that shall remain in full force and effect until discharged by the Secured Party.

6.8 Discharge

The Debtor and the Collateral shall not be discharged from the Charge or from this Agreement except by a release or discharge in writing signed by the Secured Party.

6.9 No Release

The loss, injury or destruction of the Collateral shall not operate in any manner to release or discharge the Debtor from any of its liabilities to the Beneficiaries.

6.10 No Obligation to Act

Notwithstanding any provision of this Agreement or any other Document or the operation, application or effect hereof, the Secured Party, the other Beneficiaries or any Receiver, or any representative or agent acting for or on behalf of the foregoing, shall not have any obligation whatsoever to exercise or refrain from exercising any right, power, privilege or interest hereunder or to receive or claim any benefit hereunder.

6.11 Admit to Benefit

Subject to Section 6.6, no person other than the Debtor and the Beneficiaries shall have any rights or benefits under this Agreement, nor is it intended that any such person gain any benefit or advantage as a result of this Agreement nor shall this Agreement constitute a subordination of any security in favour of such person.

6.12 Time of the Essence

Time shall be of the essence with regard to this Agreement.

6.13 Waiver of Financing Statement, etc.

The Debtor hereby waives the right to receive from the Secured Party or the other Beneficiaries a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this Agreement or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this Agreement.

6.14 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

6.15 Saskatchewan Waiver

The Debtor agrees that:

(a) The *Land Contract (Actions) Act* (Saskatchewan) shall have no application to any action, as defined in that Act, with respect to this Agreement; and

(b) *The Limitation of Civil Rights Act* (Saskatchewan) shall have no application to this Agreement or any agreement renewing, extending or collateral to this Agreement.

[Note: Section 6.15 to be included only if Debtor has property or assets located in Saskatchewan.]

6.16 Attornment

The Debtor and each of the Beneficiaries each hereby attorn and submit to the jurisdiction of the courts of the Province of Alberta. For the purpose of all legal proceedings, this Agreement shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have jurisdiction to entertain any action or proceeding arising under this Agreement. Notwithstanding the foregoing, nothing herein shall be construed nor operate to limit the right of the Debtor or any Beneficiary to commence any action or proceeding relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action, proceeding or matter relating hereto.

6.17 Executed Copy

The Debtor hereby acknowledges receipt of a fully executed copy of this Agreement.

6.18 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

[the remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

● [INSERT NAME OF RELEVANT CANADIAN MATERIAL SUBSIDIARY]

Per: _____
Name:
Title:

Per: _____
Name:
Title:

HSBC BANK CANADA,
as Agent and Secured Party

Per: _____
Name:
Title:

SCHEDULE I

MATERIAL SUBSIDIARIES

Calfrac Well Services Corp.

Calfrac Holdings LP

SCHEDULE J

BORROWING BASE CERTIFICATE

TO: HSBC Bank Canada, as agent (the "**Agent**")

FROM: Calfrac Well Services Ltd.

This Borrowing Base Certificate is delivered to you pursuant to the amended and restated credit agreement made as of September 29, 2009, as amended and restated as of December 22, 2009, as further amended and restated as of September 27, 2011, as further amended and restated as of October 10, 2012, as further amended and restated as of February 18, 2015, as further amended and restated as of September 27, 2017 and as further amended and restated as of April 30, 2019 (as the same may be further amended, modified, supplemented or restated, the "**Credit Agreement**") between Calfrac Well Services Ltd. (the "**Borrower**"), as borrower, HSBC Bank Canada and such other financial institutions party thereto as lenders, and the Agent. All terms set forth in this Borrowing Base Certificate and not otherwise defined herein shall have the respective meanings set forth in the Credit Agreement.

I, • [name], in my capacity as the • [title] of the Borrower, hereby certify without personal liability, as at •, as follows:

1. attached hereto as Exhibit "A" is a calculation of the net book value of the property, plant and equipment of the Borrower and its Subsidiaries which have provided Security located in Canada or the United States of America (excluding any property, plant and equipment (i) under construction and (ii) which are included in joint ventures unless title to such property, plant and equipment remains solely with the Borrower or the applicable Subsidiary and the Borrower or the applicable Subsidiary have the unfettered right to remove such property, plant and equipment from the joint venture in its sole discretion);

2. attached hereto as Exhibit "B" is a summary of all Accounts Receivable and corresponding and offsetting accounts payable of the Borrower and its Subsidiaries which have provided Security from Account Debtors located in Canada or the United States of America as of such calendar month end (including particulars of all Account Debtors, the age of such Accounts Receivable and details of any Eligible Accounts Receivable subject to a *bona fide* dispute between the Account Debtor and the Borrower);

3. attached hereto as Exhibit "C" is a summary of all Acceptable Insured Receivables included in the Borrowing Base (and copies of the insurance policies covering such Acceptable Insured Receivables);

4. attached hereto as Exhibit "D" is a summary of all Unencumbered Cash;

5. attached hereto as Exhibit "E" is a summary of (a) all due and payable but unpaid statutory source deductions of the Borrower and its Subsidiaries which have provided Security, (b) all due and payable but unpaid wages, vacation pay and other compensation

for services rendered by employees of the Borrower and its Subsidiaries which have provided Security and (c) any other claims ranking in priority to the Security;

6. below is the Borrower's calculation of the Borrowing Base as at •:

(a) 75% of all Eligible Accounts Receivable owing by Account Debtors (i) rated BB+ or lower by S&P or the equivalent by a similar rating agency, or (ii) not rated by S&P or any similar rating agency:

Gross Accounts Receivable of the Borrower and its Subsidiaries owing by Account Debtors (i) rated BB+ or lower by S&P or the equivalent by a similar rating agency, or (ii) not rated by S&P or any similar rating agency	$_____
Less:	
(i) not fully performed, goods not shipped or title not passed (see (a) of definition of Eligible Accounts Receivable)	$_____
(ii) owing by Affiliates or non-arm's length persons (see (h) of definition of Eligible Accounts Receivable)	$_____
(iii) unpaid for >90 days (see (f) of definition of Eligible Accounts Receivable)	$_____
(iv) excluded Account Debtors: (a) located outside of Canada or the United States (and which have not been approved in writing by the Lenders) (see (c) of definition of Eligible Accounts Receivable), (b) Insolvent Account Debtors (see (g) of definition of Eligible Accounts Receivable)	$_____
(v) no invoice, purchase or service order or similar document (see (e) of definition of Eligible Accounts Receivable)	$_____
(vi) subject to off-set, counterclaim or other defence asserted (see (b) of definition of Eligible Accounts Receivable)	$_____
(vii) not subject to perfected Security Interest (see (d) of definition of Eligible Accounts Receivable)	$_____
(viii) owing from an Account Debtor	$_____

that is a Governmental Authority unless the Account Receivable is assigned in accordance with statutory requirements (see (i) of definition of Eligible Accounts Receivable)			
(ix) owing from a Sanctioned Person (see (j) of definition of Eligible Accounts Receivable)	$_____		
Eligible Accounts Receivable of the Borrower and its Subsidiaries	$_____	X 75%	$_____

(b) 85% of all Eligible Accounts Receivable owing by Account Debtors rated BBB- or higher by S&P or the equivalent by a similar rating agency (or as otherwise agreed to by the Borrower and the Majority of the Lenders at the request of the Borrower up to once time per fiscal quarter):

Gross Accounts Receivable of the Borrower and its Subsidiaries owing by Account Debtors rated BBB- or higher by S&P or the equivalent by a similar rating agency	$_____
Less:	
(i) not fully performed, goods not shipped or title not passed (see (a) of definition of Eligible Accounts Receivable)	$_____
(ii) owing by Affiliates or non-arm's length persons (see (h) of definition of Eligible Accounts Receivable)	$_____
(iii) unpaid for >120 days (see (f) of definition of Eligible Accounts Receivable)	$_____
(iv) excluded Account Debtors (a) located outside of Canada or the United States (and which have not been approved in writing by the Lenders) (see (c) of definition of Eligible Accounts Receivable), (b) Insolvent Account Debtors (see (g) of definition of Eligible Accounts Receivable)	$_____
(v) no invoice, purchase or service order or similar document (see (e) of definition	$_____

of Eligible Accounts Receivable)			
(vi) subject to off-set, counterclaim or other defence asserted (see (b) of definition of Eligible Accounts Receivable)	$_____		
(vii) not subject to perfected Security Interest (see (d) of definition of Eligible Accounts Receivable)	$_____		
(viii) owing from an Account Debtor that is a Governmental Authority unless the Account Receivable is assigned in accordance with statutory requirements (see (i) of definition of Eligible Accounts Receivable)	$_____		
(ix) owing from a Sanctioned Person (see (j) of definition of Eligible Accounts Receivable)	$_____		
Eligible Accounts Receivable of the Borrower and its Subsidiaries	$_____	X 85%	$_____

(c) to the extent not covered in Sections 6(a) and 6(b) above, 85% of Acceptable Insured Receivables:

$_____

(d) the least of:

(A) $150,000,000

and

25% of the net book value of the Borrower's and its Subsidiaries' property, plant and equipment (excluding property, plant and equipment (i) under construction or (ii) which are included in joint ventures) located in Canada and the United States of America and over which, except as agreed by the Lenders, the Agent and the Lenders have a first ranking Security Interest:	$_____	(B) **$**_____

(e) 100% of Unencumbered Cash:

$_____

(f) **BORROWING BASE:**

If applicable, 75% of the Eligible Accounts Receivable (calculated in Section 6(a) above)	$_____
If applicable, 85% of the Eligible Accounts Receivable (calculated in Section 6(b) above)	$_____
85% of Acceptable Insured Receivables (calculated in Section 6(c) above)	$_____
The least of (A) and (B) calculated in Section 6(d) above	$_____
100% of Unencumbered Cash (calculated in 6(e) above)	$_____
Less the aggregate of (i) due and payable but unpaid statutory source deductions, (ii) due and payable but unpaid wages, vacation pay and other compensation for services rendered by employees and (iii) any other claims ranking in priority to the Security	$_____
Borrowing Base:	**$_____**

I hereby certify that the Borrowing Base has been calculated in accordance with the Credit Agreement and is correct, true and accurate as of the date specified above.

This Borrowing Base Certificate is given by • [name] in my capacity as the • [title] of the Borrower.

IN WITNESS WHEREOF I have hereunto set my hand and seal this • day of •, 20•.

By: _____
Name: •
Title: •

EXHIBIT "A"

Net Book Value of Property, Plant and Equipment

EXHIBIT "B"

List of aged Accounts Receivable and Account Debtor

EXHIBIT "C"

Acceptable Insured Receivables

EXHIBIT "D"

Unencumbered Cash

EXHIBIT “E”

Accrued and Unpaid Statutory Source Deductions

Exhibit "8"

THIS IS EXHIBIT " 8 " REFERRED TO IN THE AFFIDAVIT OF RONALD P. MATHISON AFFIRMED BEFORE ME THIS 13th DAY OF JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Simard

CALFRAC HOLDINGS LP
as the Issuer

10.875% SECOND LIEN SECURED NOTES DUE 2026

INDENTURE

Dated as of February 14, 2020

WILMINGTON TRUST, NATIONAL ASSOCIATION
as Trustee and Collateral Agent

Reference is made to the Intercreditor Agreement as defined herein. Each Holder of Notes, by its acceptance thereof and of the related Guarantees (a) consents to the provisions of the Intercreditor Agreement regarding the distribution of proceeds from realizing on Collateral, (b) agrees that it will be bound by, and will take no actions contrary to, the Intercreditor Agreement and (c) authorizes and instructs the Trustee and Collateral Agent on behalf of each Holder of Notes to enter into the Intercreditor Agreement on behalf of the Holders of Notes.

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

Indenture dated as of February 14, 2020 among CALFRAC HOLDINGS LP, a Delaware limited partnership ("*Calfrac Holdings*" or the "*Issuer*"), as the issuer of the Notes (as herein defined), CALFRAC WELL SERVICES LTD., an Alberta corporation ("*Calfrac*"), as a party to this Indenture and as an Initial Guarantor (as herein defined), and CALFRAC WELL SERVICES CORP., a Colorado corporation ("*Calfrac Corp.*"), as a party to this Indenture and as an Initial Guarantor, the other Subsidiary Guarantors (as herein defined) from time to time party hereto, and WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association, as trustee (in such capacity, the "*Trustee*") and as collateral agent (in such capacity, the "*Collateral Agent*").

W I T N E S S E T H

WHEREAS, Calfrac Holdings has duly authorized the execution and delivery of this Indenture to provide for the issuance on the Issue Date of up to US$120,000,100 aggregate principal amount of its 10.875% Second Lien Secured Notes due 2026, and, if and when issued, any Additional Notes permitted to be issued in one or more series as provided in this Indenture;

WHEREAS, the Initial Guarantors have duly authorized the execution and delivery of this Indenture to provide for a guarantee of the Notes and of certain of Calfrac Holdings' payment obligations hereunder;

WHEREAS, all things necessary (i) to make the Notes, when executed and duly issued by Calfrac Holdings and authenticated and delivered hereunder, the valid obligations of Calfrac Holdings and (ii) to make this Indenture a valid agreement of Calfrac Holdings and the Initial Guarantors, in accordance with their terms, have been done.

NOW, THEREFORE, Calfrac Holdings, the Guarantors and the Trustee and the Collateral Agent agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders (as defined below) of Calfrac Holdings' 10.875% Second Lien Secured Notes due 2026.

Article I

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 *Definitions.*

"*144A Global Note*" means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that shall be issued in a denomination equal to the outstanding principal amount at maturity of the Notes sold in reliance on Rule 144A.

"*Acquired Debt*" means, with respect to any specified Person, Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, regardless of whether such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person.

"*Additional Notes*" means an unlimited maximum aggregate principal amount of Notes (other than the Notes issued on the Issue Date) issued under this Indenture in accordance with Sections 2.02 and 4.09.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control", as used with respect to any Person, will mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" will have correlative meanings.

"*Agent*" means any Registrar, Custodian or Paying Agent.

"*Applicable Procedures*" means, with respect to any Global Note, the rules, policies and procedures of the Depositary, Euroclear and Clearstream that apply to such matter.

"*Asset Sale*" means:

(1) the sale, conveyance or other disposition of any assets, other than a transaction governed by Section 4.13 or Section 5.01, or both, as the case may be; and

(2) the issuance of Equity Interests by any of Calfrac's Restricted Subsidiaries or the sale, transfer or other conveyance by Calfrac or any Restricted Subsidiary thereof of Equity Interests in any of its Subsidiaries (other than directors' qualifying shares and shares issued, transferred or conveyed to foreign nationals to the extent required by applicable law).

Notwithstanding the preceding, the following items will be deemed not to be Asset Sales:

(1) any single transaction or series of related transactions that involves assets or other Equity Interests having a Fair Market Value of less than US$5,000,000;

(2) any issuance or transfer of assets or Equity Interests between or among Calfrac, Calfrac Holdings and its Restricted Subsidiaries;

(3) the sale, lease, rental or licensing of products, services, vehicles, equipment, inventory, accounts receivable or other assets in the ordinary course of business;

(4) the sale or other disposition of cash or Cash Equivalents;

(5) dispositions (including without limitation surrenders and waivers) of accounts receivable or other contract rights in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings;

(6) any Restricted Payment that is permitted by Section 4.07 or any Permitted Investment;

(7) the trade or exchange by Calfrac or any Restricted Subsidiary thereof of any asset for any other asset or assets that is used or useable in a Permitted Business, including any cash or Cash Equivalents necessary in order to achieve an exchange of equivalent value; *provided*, *however*, that the Fair Market Value of the asset or assets received by Calfrac or any Restricted Subsidiary in such trade or exchange (including any such cash or Cash Equivalents) is at least equal to the Fair Market Value (as determined in good faith by the Board of Directors or an executive officer of Calfrac or such Subsidiary with responsibility for such transaction, which determination shall be conclusive evidence of compliance with this provision) of the asset or assets disposed of by Calfrac or any Restricted Subsidiary pursuant to such trade or exchange;

(8) any sale, lease, conveyance or other disposition of any asset or any sale or issuance of Equity Interests, in each case made pursuant to a Permitted Joint Venture Investment;

(9) the sale or other disposition of any assets or Equity Interests of North Aegean Petroleum Company E.P.E. and Sea of Thrace Petroleum E.P.E.; *provided* that, at the time of any such sale, each of North Aegean Petroleum Company E.P.E. and Sea of Thrace Petroleum E.P.E. is an Unrestricted Subsidiary;

(10) any sale or disposition of any property or equipment that has become damaged, worn out or obsolete or pursuant to a program for the maintenance or upgrading of such property or equipment;

(11) the creation of a Lien not prohibited by this Indenture and any disposition of assets resulting from the enforcement or foreclosure of any such Lien;

(12) the disposition of assets that, in the good faith judgment of Calfrac, are no longer used or useful in the business of such entity;

(13) a Restricted Payment or Permitted Investment that is otherwise permitted by this Indenture;

(14) leases or subleases in the ordinary course of business to third persons otherwise in accordance with the provisions of this Indenture;

(15) an issuance of Capital Stock by a Restricted Subsidiary to Calfrac or to a wholly owned Restricted Subsidiary;

(16) the issuance by a Restricted Subsidiary of Preferred Stock or Disqualified Stock that is permitted by Section 4.09;

(17) a surrender or waiver of contract rights or a settlement, release or surrender of contract, tort or other claims in the ordinary course of business;

(18) foreclosure on assets or property;

(19) any sale or other disposition of Capital Stock in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(20) sales, transfers and other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding arrangements and the transfer of assets as part of the consideration for Investment in a joint venture so long as the Fair Market Value of such assets is counted against the amount of Investments permitted under Section 4.07;

(21) sales or dispositions in connection with Permitted Liens; and

(22) any sale, transfer or other disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than Calfrac Holdings) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition.

For purposes of this definition, any series of related transactions that, if effected as a single transaction, would constitute an Asset Sale, shall be deemed to be a single Asset Sale effected when the last such transaction which is a part thereof is effected.

"*Bankruptcy Law*" means the BIA, CCAA, WURA, the Bankruptcy Code and any similar federal, state, provincial or foreign bankruptcy, insolvency or receivership law for the relief of debtors and includes any orders made by a court of competent jurisdiction in any Insolvency or Liquidation Proceeding.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition (other than any right conditioned upon the occurrence of events or circumstances outside such "person's" control). The terms "Beneficially Owns," "Beneficially Owned" and "Beneficially Owning" will have a corresponding meaning.

"*BIA*" means the *Bankruptcy and Insolvency Act* (Canada), as the same may be amended from time to time.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation or a duly authorized committee thereof;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership; and

(3) with respect to any other Person, the board, committee or governing body of such Person serving a similar function.

"*Board Resolution*" means a resolution certified by the Secretary or an Assistant Secretary of Calfrac to have been duly adopted by the Board of Directors of Calfrac and to be in full force and effect on the date of such certification.

"*Business Day*" means any day other than a Legal Holiday.

"*Calculation Date*" has the meaning set forth below in the definition of Consolidated Fixed Charge Coverage Ratio.

"*Calfrac*" means the Person named as "Calfrac" in the introductory paragraph of this Indenture until a successor Person shall have replaced it pursuant to the applicable provisions of this Indenture, and thereafter, the term "Calfrac" shall mean such successor Person and each successive successor Person.

"*Calfrac Corp.*" means the Person named as "Calfrac Corp." in the introductory paragraph of this Indenture until a successor Person shall have replaced it pursuant to the applicable provisions of this Indenture, and thereafter, the term "Calfrac Corp." shall mean such successor Person and each successive successor Person.

"*Calfrac Holdings*" means the Person named as "Calfrac Holdings" in the introductory paragraph of this Indenture until a successor Person shall have replaced it pursuant to the applicable provisions of this Indenture, and thereafter, the term "Calfrac Holdings" shall mean such successor Person and each successive successor Person.

"*Canadian Dollar Equivalent*" means, with respect to any monetary amount in a currency other than the Canadian dollar, at or as of any time for the determination thereof, the amount of Canadian dollars obtained by converting such foreign currency involved in such computation into Canadian dollars at the spot rate for the purchase of Canadian dollars with the applicable foreign currency as quoted by Reuters (or, if Reuters ceases to provide such spot quotations, by any other reputable service as is providing such spot quotations, as reasonably selected by Calfrac) at approximately 11:00 a.m. (New York City time) on the date not more than two Business Days prior to such determination.

"*Canadian/U.S. Restricted Subsidiaries*" means each Restricted Subsidiary that is organized, formed or existing under the laws of either (a) Canada or any province or territory thereof or (b) the United States or any state thereof, or the District of Columbia.

"*Capital Lease Obligation*" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with IFRS as in effect on the Issue Date, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock or shares;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, regardless of whether such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means:

(1) United States or Canadian dollars or, in an amount up to the amount necessary or appropriate to fund local operating expenses, other currencies;

(2) securities issued or directly and fully guaranteed or insured by the government of the United States or Canada or any agency or instrumentality thereof (*provided* that the full faith and credit of the United States or Canada, as the case may be, is pledged in support of such securities), maturing, unless such securities are deposited to defease any Indebtedness, not more than one year from the date of acquisition;

(3) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any commercial bank organized under the laws of the United States, Canada or any other country that is a member of the Organization for Economic Cooperation and Development, in each case, having capital and surplus in excess of US$500,000,000 and a rating at the time of acquisition thereof of P-1 or better from Moody's or A-1 or better from Standard & Poor's, or, with respect to a commercial bank organized under the laws of Canada, the equivalent thereof by DBRS Limited;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having one of the two highest ratings obtainable from either (i) Moody's, (ii) Standard & Poor's or (iii) Fitch, or, if applicable, the equivalent thereof by DBRS Limited, and in each case maturing within one year after the date of acquisition;

(6) securities issued and fully guaranteed by any state, commonwealth or territory of the United States of America, any province or territory of Canada, or by any political subdivision or taxing authority thereof, rated at least "A" by (i) Moody's, (ii) Standard & Poor's or (iii) Fitch, or, with respect to any province or territory of Canada, the equivalent thereof by DBRS Limited, and in each case having maturities of not more than one year from the date of acquisition; and

(7) money market funds, of which at least a majority of the assets constitute Cash Equivalents of the kinds described in clauses (1) through (6) of this definition.

"*Cash Management Agreement*" means any agreement to provide cash management services, including treasury, depository, overdraft, credit or debit card, purchase card, electronic funds transfer, cash pooling and other cash management arrangements and commercial credit card and merchant card services (but excluding any corporate credit card services).

"*CCAA*" means the *Companies' Creditors Arrangement Act* (Canada), as the same may be amended from time to time.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Calfrac and its Restricted Subsidiaries, taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than a Permitted Holder;

(2) the adoption of a plan relating to the liquidation or dissolution of Calfrac;

(3) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) other than a Permitted Holder becomes the Beneficial Owner, directly or indirectly, of more than 50% of the voting power of the Voting Stock of Calfrac; or

(4) Calfrac amalgamates, consolidates with, or merges with or into, any Person, or any Person amalgamates, consolidates with, or merges with or into Calfrac, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of Calfrac, as the case may be, or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where (A) the Voting Stock of Calfrac, as the case may be, outstanding immediately prior to such transaction is converted into or exchanged for Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of such Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and (B) immediately after such transaction, no "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) other than a Permitted Holder becomes, directly or indirectly, the Beneficial Owner of more than 50% of the voting power of the Voting Stock of the surviving or transferee Person.

"*Clearstream*" means Clearstream Banking S.A. and any successor thereto.

"*Collateral*" means all assets and properties, whether real, personal or mixed, subject to Liens in favor of any First Lien Secured Parties or any Notes Secured Parties created by any of the First Lien Collateral Documents or any Security Instruments, as applicable.

"*Collateral Agent*" means the Person named as the "Collateral Agent" in the introductory paragraph of this Indenture, until a successor Person replaces it in accordance with the applicable provisions of this Indenture and thereafter, means such successor Person serving hereunder and each such successive successor Person.

"*Commercial Lending Institution*" means any commercial banks engaged in oil and gas lending in the ordinary course of its business and any investment bank (including Matco Investments Ltd.), insurance company, credit union, savings and loan association and any government-owned entity (such as "Her Majesty the Queen in Right of Alberta by its agent Alberta Investment Management Corporation" and ATB Financial and Export Development Canada) which from time to time extends credit on terms and conditions similar to any of the foregoing, and includes any assignee of any of the foregoing which is not otherwise a Commercial Lending Institution provided the assignee is either an Affiliate of the assigning Commercial Lending Institution or a fund managed or administered by the assigning Commercial Lending Institution or an Affiliate thereof and, in each case, the assigning Commercial Lending Institution shall remain liable for the obligations so assigned.

"*Consolidated Cash Flow*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period *plus*:

(1) an amount equal to any net loss realized by such Person or any of its Restricted Subsidiaries in connection with an Asset Sale, to the extent such losses were deducted in computing such Consolidated Net Income; *plus*

(2) all extraordinary, unusual or non-recurring items of loss or expense to the extent deducted in computing such Consolidated Net Income; *plus*

(3) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*

(4) Consolidated Fixed Charges of such Person and its Restricted Subsidiaries for such period, to the extent that any such Consolidated Fixed Charges were deducted in computing such Consolidated Net Income; *plus*

(5) depreciation, depletion, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, depletion, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; *plus*

(6) severance costs, restructuring costs, asset impairment charges and acquisition transition services costs, provided that in each case such costs or charges were deducted in calculating Consolidated Net Income for such period; *plus*

(7) all expenses related to restricted stock and redeemable stock interests granted to officers, directors and employees, to the extent such expenses were deducted in computing such Consolidated Net Income; *minus*

(8) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business;

in each case, on a consolidated basis and determined in accordance with IFRS.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, the Consolidated Fixed Charges of and the depreciation, depletion and amortization and other non-cash expenses of, a Restricted Subsidiary of Calfrac will be added to Consolidated Net Income to compute Consolidated Cash Flow of Calfrac (A) in the same proportion that the Net Income of such Restricted Subsidiary was added to compute such Consolidated Net Income of Calfrac and (B) only to the extent that a corresponding amount would be permitted at the date of determination to be dividended or distributed, directly or indirectly, to Calfrac by such Restricted Subsidiary without prior governmental approval (that has not been obtained), and without direct or indirect restriction pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Subsidiary or its stockholders.

"*Consolidated Fixed Charge Coverage Ratio*" means, with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Consolidated Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries Incurs, repays, repurchases or redeems any Indebtedness (other than the incurrence or repayment of revolving credit borrowings, except to the extent that a repayment is accompanied by a permanent reduction in revolving credit commitments) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Consolidated Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Consolidated Fixed Charge Coverage Ratio will be calculated giving pro forma effect to such Incurrence, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of such period; provided that, in the event that Calfrac shall classify Indebtedness Incurred on the date of determination as Incurred in part pursuant to Section 4.09(a) and in part pursuant to one or more clauses of the definition of "Permitted Debt" (other than in respect of clause (13) of such definition), any calculation of Consolidated Fixed Charges pursuant to this definition on such date (but not in respect of any future calculation following such date) shall not include any such Indebtedness (and shall not give effect to any repayment, repurchase, redemption, defeasance or other acquisition, retirement or discharge of Indebtedness from the proceeds thereof) to the extent Incurred pursuant to any such other clause of the definition of "Permitted Debt" on such date.

In addition, for purposes of calculating the Consolidated Fixed Charge Coverage Ratio:

(1) acquisitions and dispositions of business entities or property and assets constituting a division or line of business of any Person that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date will be given pro forma effect as if they had occurred on the first day of the four-quarter reference period, and Consolidated Cash Flow for such reference period will be calculated on a pro forma basis in good faith on a reasonable basis by a responsible financial or accounting Officer of Calfrac; provided, that such Officer may in

his discretion include any pro forma changes to Consolidated Cash Flow, including any pro forma reductions of expenses and costs, that have occurred or are reasonably expected by such Officer to occur (regardless of whether such expense or cost savings or any other operating improvements could then be reflected properly in pro forma financial statements prepared in accordance with Regulation S-X under the Securities Act or any other regulation or policy of the SEC);

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with IFRS, will be excluded;

(3) the Consolidated Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, will be excluded, but only to the extent that the obligations giving rise to such Consolidated Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) the Consolidated Fixed Charges attributable to non-recurring charges associated with any premium or penalty paid, write-offs of deferred financing costs (including unamortized original issue discount) or other financial recapitalization changes in connection with redeeming or retiring any Indebtedness prior to its maturity, will be excluded; and

(5) the Consolidated Fixed Charges attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate will be computed as if the rate in effect on the Calculation Date (taking into account any interest rate option, swap, cap or similar agreement applicable to such Indebtedness if such agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period.

"*Consolidated Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including amortization of debt issuance costs and original issue discount (provided, however, that any amortization of bond premium will be credited to reduce Consolidated Fixed Charges unless pursuant to IFRS, such amortization of bond premium has otherwise reduced Consolidated Fixed Charges), non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations; plus

(2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; plus

(3) any interest expense actually paid on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries; plus

(4) all dividends, whether paid or accrued and whether or not in cash, on any series of

Disqualified Stock of such Person or any of its Restricted Subsidiaries or Preferred Stock of such Person's Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests (other than Disqualified Stock) of Calfrac or to Calfrac or a Restricted Subsidiary of Calfrac,

in each case, on a consolidated basis and in accordance with IFRS.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS; *provided* that:

(1) the Net Income or loss of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary thereof;

(2) the Net Income of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its equityholders;

(3) the cumulative effect of a change in accounting principles will be excluded;

(4) solely for purpose of determining the amount available for Restricted Payments under clause (3)(aa) of Section 4.07(a) (and for the avoidance of doubt, such clause (aa) is located in the second use of the designation "(3)" under Section 4.07(a)), the Net Income of any Person acquired during the specified period for any period prior to the date of such acquisition will be excluded;

(5) to the extent deducted in the calculation of Net Income, any non-recurring charges associated with any premium or penalty paid, write-offs of deferred financing costs (including unamortized original issue discount) or other financial recapitalization changes in connection with redeeming or retiring any Indebtedness prior to its maturity will be added back to the calculation of Consolidated Net Income;

(6) any asset impairment write-downs under IFRS will be excluded;

(7) unrealized gains and losses due solely to fluctuations in currency values and the related tax effects according to IFRS will be excluded; and

(8) unrealized losses and gains under Hedging Obligations included in the determination of Consolidated Net Income will be excluded.

"*Consolidated Tangible Assets*" means, with respect to any Person as of any date of determination, the amount which, in accordance with IFRS, would be set forth under the caption "Total Assets" (or any like caption) on a consolidated balance sheet of such Person and its Restricted

Subsidiaries, less all goodwill, patents, tradenames, trademarks, copyrights, franchises, experimental expenses, organization expenses and any other amounts classified as intangible assets in accordance with IFRS.

"*Corporate Trust Office*" means the office of the Trustee at which at any particular time its corporate trust business with respect to this Indenture shall be administered, which office at the date hereof is located at 50 South Sixth Street, Suite 1290, Minneapolis, MN 55402 Attention: Calfrac Holdings Notes Administrator, or such other address as the Trustee may designate from time to time, or the principal corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Holders and the Issuer).

"*Credit Facilities*" means one or more debt facilities, including the First Lien Credit Agreement, any Permitted Additional First Lien Obligations or other financing arrangements (including, without limitation, credit agreements, commercial paper facilities or indentures), providing for revolving credit loans, term loans, receivables financing, bankers acceptances, letters of credit, debt securities or other indebtedness, no less than the majority of which indebtedness or commitments provided under each such Credit Facility (other than the Notes or any Credit Facilities replacing or refinancing any Notes) are, as of the date of the closing of such Credit Facility, provided by Commercial Lending Institutions, including any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements, refundings, replacements or refinancings thereof and any indentures or credit facilities or commercial paper facilities that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount permitted to be borrowed thereunder or alters the maturity thereof, whether or not by the same or any other agent, investor, lender or group of lenders (whether or not such added or substituted parties are banks or other institutional lenders), in each case, whether or not any such amendment, supplement, modification, extension, renewal, restatement, refunding, replacement or refinancing occurs simultaneously with the termination or repayment of a prior Credit Facility.

"*Currency Agreement*" means in respect of a Person any foreign exchange contract, currency swap agreement or other similar agreement as to which such Person is a party or a beneficiary.

"*Custodian*" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Definitive Note*" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.07 hereof, substantially in the form of Exhibit A hereto, except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interest in the Global Note" attached thereto.

"*Depositary*" means, with respect to the Notes issuable or issued in whole or part in global form, the Person specified in Section 2.04(b) as the Depositary with respect to the Notes, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provisions of this Indenture.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder

thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is one year after the date on which the notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require Calfrac to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that Calfrac may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07. The term "Disqualified Stock" will also include any options, warrants or other rights that are convertible into Disqualified Stock or that are redeemable at the option of the holder, or required to be redeemed, prior to the date that is one year after the date on which the Notes mature. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that Calfrac and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

"*dollars*" or "*$*" means Canadian dollars. Whenever compliance with any provision of, or the default provisions or definitions in, this Indenture refer to an amount in Canadian dollars, that amount will be deemed to refer to the Canadian Dollar Equivalent of the amount of any obligation or sum denominated in any other currency or currencies, including composite currencies, which was in effect on the date of Incurring, expending, remitting or otherwise initially incurring or expending such amount, or in the case of revolving credit obligations, on the date first committed, or otherwise as expressly provided in this Indenture, and, in any case, no subsequent change in the Canadian Dollar Equivalent after the applicable date of determination will cause such determination to be modified.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means (i) a public or private offer and sale of Capital Stock (other than (a) Capital Stock made to any Subsidiary, (b) Disqualified Stock or (c) equity securities pursuant to a registration statement on Form S-8 or otherwise relating to equity securities issuable under any employee benefit plan of Calfrac) of Calfrac to any Person (other than a Subsidiary of Calfrac) or (ii) a contribution to the equity capital of Calfrac by any Person (other than a Subsidiary of Calfrac).

"*Euroclear*" means Euroclear Bank S.A./N.V., as operator of the Euroclear system, and any successor thereto.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*Existing Indebtedness*" means the aggregate amount of Indebtedness of Calfrac and its Restricted Subsidiaries (other than Indebtedness under the First Lien Credit Agreement or under the Notes and the related Subsidiary Guarantees) in existence on the Issue Date after giving effect to the exchange of Existing Unsecured Notes for the Notes on the Issue Date.

"*Existing Unsecured Notes*" means Calfrac Holdings' outstanding 8.50% Senior Notes due 2026.

"*Fair Market Value*" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors or an executive officer of Calfrac, as the case may be pursuant to the applicable provisions of this Indenture, whose determination will be conclusive if evidenced by a Board Resolution or Officers' Certificate, as applicable.

"*First Lien Agent*" means the First Lien Credit Agreement Agent or any Permitted Additional First Lien Representative, as the context may require, and "*First Lien Agents*" means the First Lien Credit Agreement Agent and any Permitted Additional First Lien Representative.

"*First Lien Collateral Documents*" means, collectively, the First Lien Credit Agreement Collateral Documents and the Permitted Additional First Lien Collateral Documents.

"*First Lien Credit Agreement*" means the Amended and Restated Credit Agreement, dated April 30, 2019, between Calfrac Well Services Ltd., the lenders party thereto and HSBC Bank Canada, as administrative agent, as amended, restated, modified, renewed, refunded, replaced or refinanced from time to time, regardless of whether such amendment, restatement, modification, renewal, refunding, replacement or refinancing is with the same financial institutions or otherwise.

"*First Lien Credit Agreement Agent*" means the Person serving as the administrative agent under the First Lien Credit Agreement (or the collateral agent, if applicable), together with its successors and permitted assigns under the First Lien Documents exercising substantially the same rights and powers.

"*First Lien Credit Agreement Collateral Documents*" means, collectively, the "Security" (or comparable terms) as defined in the First Lien Credit Agreement, and any other agreements, documents or instruments pursuant to which a Lien is granted or purported to be granted to secure any First Lien Credit Agreement Obligation or under which rights or remedies with respect to such Liens are granted.

"*First Lien Credit Agreement Documents*" means (i) the First Lien Credit Agreement, the "Documents" (as defined in the First Lien Credit Agreement), the First Lien Credit Agreement Collateral Documents, and any other documentation in respect of the First Lien Credit Agreement; (ii) each Secured Swap Agreement; (iii) each Secured Cash Management Agreement; (iv) each other agreement, document, or instrument providing for, evidencing, guaranteeing, or securing, any First Lien Credit Agreement Obligations; and (v) any other document or instrument executed or delivered at any time in connection with any First Lien Credit Agreement Obligations, including any guaranty of or grant of Collateral to secure any such First Lien Credit Agreement Obligations, and any intercreditor or joinder agreement to which holders of First Lien Credit Agreement Obligations are parties.

"*First Lien Credit Agreement Issuing Bank*" means the "Fronting Lender" under the First Lien Credit Agreement.

"*First Lien Credit Agreement Lender*" means a "Lender" under and as defined in the First Lien Credit Agreement.

"*First Lien Credit Agreement Obligations*" means all obligations of Calfrac and its Restricted Subsidiaries under the First Lien Credit Agreement and the other First Lien Credit Agreement Documents, including, without limitation, (a) any and all obligations with respect to the payment of any

principal, interest or premium, and any reimbursement obligation in respect of any letter of credit, including, without limitation, interest accruing after the filing of an application or petition initiating any Insolvency or Liquidation Proceeding, and any fees, indemnification obligations, expense reimbursement obligations or other liabilities, (b) any obligation to post cash collateral in respect of letters of credit or any other obligations constituting Indebtedness or other obligations under the First Lien Credit Agreement Documents, (c) all guarantees by the Restricted Subsidiaries of all obligations of Calfrac and its Restricted Subsidaries under the First Lien Credit Agreement Documents, the Secured Swap Agreements and the Secured Cash Management Agreements; (d) all obligations under any Secured Swap Agreement; (e) all obligations under any Secured Cash Management Agreement; and (f) all obligations under any agreement or instrument granting or providing for the perfection of a Lien securing any of the foregoing. To the extent any payment with respect to the First Lien Credit Agreement Obligations (whether by or on behalf of any Obligor, as proceeds of security, enforcement of any right of set off or otherwise) is declared to be fraudulent or preferential in any respect, set aside or required to be paid to a debtor in possession, trustee, receiver or similar Person, then the obligation or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred. "First Lien Credit Agreement Obligations" shall include all interest accrued or accruing (or which would, absent commencement of an Insolvency or Liquidation Proceeding, accrue) after commencement of an Insolvency or Liquidation Proceeding in accordance with the rate specified in the relevant First Lien Credit Agreement Document whether or not the claim for such interest is allowed as a claim in such Insolvency or Liquidation Proceeding.

"*First Lien Credit Agreement Secured Parties*" means, at any time, (a) the First Lien Credit Agreement Agent, any other agents under the First Lien Credit Agreement, each First Lien Credit Agreement Issuing Bank, the First Lien Credit Agreement Lenders, each Secured Swap Party, each Secured Cash Management Provider, and all other holders of First Lien Credit Agreement Obligations at such time, and (b) the successors and assigns of each of the foregoing.

"*First Lien Documents*" means, collectively, the First Lien Credit Agreement Documents and the Permitted Additional First Lien Documents.

"*First Lien Obligations*" has the meaning set forth in the Intercreditor Agreement.

"*First Lien Secured Parties*" means the First Lien Credit Agreement Secured Parties and any Permitted Additional First Lien Secured Parties.

"*Fitch*" means Fitch Ratings, Inc. or any successor ratings agency.

"*Global Note Legend*" means the legend set forth in Section 2.07(g)(ii), which is required to be placed on all Global Notes issued under this Indenture.

"*Global Notes*" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes, substantially in the form of Exhibit A hereto, issued in accordance with Section 2.01 or Section 2.07.

"*Government Securities*" means securities that are direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged.

"*Guarantee*" means, as to any Person, a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness of another Person.

"*Guarantors*" means, collectively, any of Calfrac, in its capacity as issuer of the Parent Guarantee, until released from its obligations under the Parent Guarantee in accordance with the terms of this Indenture, and the Subsidiary Guarantors.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, interest rate cap agreements, interest rate collar agreements and other agreements or arrangements with respect to interest rates;

(2) commodity swap agreements, commodity option agreements, forward contracts and other agreements or arrangements with respect to commodity prices;

(3) foreign exchange contracts, currency swap agreements and other agreements or arrangements with respect to foreign currency exchange rates; and

(4) other agreements or arrangements designed to protect such Person or any Restricted Subsidiaries against fluctuations in interest rates, commodity prices or currency exchange rates.

"*Holder*" means a Person in whose name a Note is registered.

"*IFRS*" means International Financial Reporting Standards, as adopted by the International Accounting Standards Board and/or the European Union, as in effect from time to time.

"*Incur*" means, with respect to any Indebtedness, to incur, create, issue, assume, Guarantee or otherwise become directly or indirectly liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness (and "Incurrence" and "Incurred" will have meanings correlative to the foregoing); *provided* that (1) any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary of Calfrac will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary of Calfrac and (2) neither the accrual of interest or dividends nor the accretion of original issue discount nor the payment of interest in the form of additional Indebtedness with the same terms and the payment of dividends on Disqualified Stock or Preferred Stock in the form of additional shares of the same class of Disqualified Stock or Preferred Stock (to the extent provided for when the Indebtedness or Disqualified Stock or Preferred Stock on which such interest or dividend is paid was originally issued) will be considered an Incurrence of Indebtedness; *provided* that in each case the amount thereof is for all other purposes included in the Consolidated Fixed Charges and Indebtedness of Calfrac or its Restricted Subsidiary as accrued.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of banker's acceptances;

(4) in respect of Capital Lease Obligations;

(5) in respect of the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed, except any such balance that constitutes an accrued expense or a trade payable;

(6) representing Hedging Obligations;

(7) representing Disqualified Stock valued as provided in the definition of the term "Disqualified Stock;" or

(8) in the case of a Subsidiary of such Person, representing Preferred Stock valued at the greater of its voluntary or involuntary maximum fixed purchase price;

if and to the extent any of the preceding items (other than letters of credit, Hedging Obligations, Disqualified Stock and Preferred Stock) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS.

In addition, the term "Indebtedness" includes (x) all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person), *provided* that the amount of such Indebtedness will be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness, and (y) to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person. For purposes hereof, the "maximum fixed repurchase price" of any Disqualified Stock or Preferred Stock which does not have a fixed repurchase price will be calculated in accordance with the terms of such Disqualified Stock or Preferred Stock, as applicable, as if such Disqualified Stock or Preferred Stock was repurchased on any date on which Indebtedness will be required to be determined pursuant to this Indenture.

Notwithstanding the foregoing, the following shall not constitute Indebtedness:

(1) any obligation arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however,* that such obligation is extinguished within five Business Days of its incurrence;

(2) any obligation arising from any agreement providing for indemnities, Guarantees, purchase price adjustments, holdbacks, contingency payment obligations based on the performance of the acquired or disposed assets or similar obligations (other than Guarantees of Indebtedness) customarily Incurred by any Person in connection with the acquisition or disposition of any assets, including Capital Stock; and

(3) any indebtedness that has been defeased in accordance with IFRS or defeased pursuant to the irrevocable deposit of cash or Cash Equivalents (in an amount sufficient to satisfy all obligations relating thereto at maturity or redemption, as applicable, including all payments of interest and premium, if any) in a trust or account created or pledged for the sole benefit of the holders of such indebtedness, and subject to no other Liens, and in accordance with the other applicable terms of the instrument governing such indebtedness; *provided, however*, if any such defeasance shall be terminated prior to the full discharge of the Indebtedness for which it was Incurred, then such Indebtedness shall constitute Indebtedness for all relevant purposes of this Indenture.

The amount of any Indebtedness outstanding as of any date will be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, and will be:

(1) the accreted value thereof, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

"*Indenture*" means this Indenture, as amended or supplemented from time to time.

"*Indirect Participant*" means a Person who holds a beneficial interest in a Global Note through a Participant.

"*Initial Guarantors*" means, collectively, Calfrac and Calfrac Corp.

"*Insolvency or Liquidation Proceeding*" means any insolvency or bankruptcy proceeding or any receivership, interim-receivership, liquidation, arrangement, reorganization, restructuring or similar proceedings (including any plan of arrangement or compromise under any statute or law (including the U.S. Bankruptcy Code and any other statute or law of United States of America or any state thereof) where a corporation proposes an arrangement involving a compromise or conversion of liabilities) in connection therewith relative to an Obligor or its property, or in the event of any proceedings for voluntary liquidation, dissolution or winding up of an Obligor under the BIA, the CCAA or any other applicable statute or law (including the U.S. Bankruptcy Code and any other applicable U.S. statute or law), the filing of a notice or intention to make a proposal or the filing of a proposal under the BIA, or in the event of any corporate reorganization of an Obligor to which the Applicable Agent does not consent in advance.

"*Institutional Accredited Investor*" means an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act, who is not also a QlB.

"*Intercreditor Agreement*" means the agreement substantially in the form attached hereto as Exhibit F.

"*Interest Rate Agreement*" means with respect to any Person any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement,

interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement as to which such Person is party or a beneficiary.

"*Investment Grade Status*" shall occur when the Notes receive two of the following:

1) a rating of "BBB-" or higher from S&P;

2) a rating of "Baa3" or higher from Moody's; and/or

3) a rating of "BBB-" or higher from Fitch;

or the equivalent of such rating by such rating organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any other "nationally recognized statistical rating organization," as that term is used in Rule 15c3-1 under the Exchange Act, selected by Calfrac (and certified by a resolution of its Board of Directors) as a replacement agency.

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the form of loans or other extensions of credit (including Guarantees), advances, capital contributions (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others, excluding commission, travel and similar advances to officers and employees made in the ordinary course of business and excluding accounts receivables created or acquired in the ordinary course of business, and further excluding contributions made to the Calfrac Well Services Ltd. Employee Matching Investment Plan Trust in accordance with the terms of the Calfrac Well Services Ltd. Employee Matching Investment Plan, or replacement plans that are substantially similar in scope and nature, as amended from time to time), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with IFRS.

If Calfrac or any Restricted Subsidiary of Calfrac sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of Calfrac such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of Calfrac, Calfrac will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Investment in such Subsidiary not sold or disposed of. The acquisition by Calfrac or any Restricted Subsidiary of Calfrac of a Person that holds an Investment in a third Person will be deemed to be an Investment by Calfrac or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investment held by the acquired Person in such third Person.

"*Issue Date*" means February 14, 2020.

"*Legal Holiday*" means a Saturday, a Sunday or a day on which banking institutions in The City of New York or Calgary, Canada or at a place of payment are authorized or required by law, regulation or executive order to remain closed.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or

agreement to give any financing statement under the PPSA or the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"*Limited Condition Transaction*" means (i) any acquisition by Calfrac or any of its Restricted Subsidiaries of any business or Person or any other similar Investment permitted by this Indenture whose consummation is not conditioned on the availability of, or on obtaining, third-party financing and (ii) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment.

"*Moody's*" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"*Multijurisdictional Disclosure System*" means the Canada-U.S. Multijurisdictional Disclosure System adopted by the SEC and the Canadian Securities Administrators, as in effect from time to time, and any successor statutes, rules or regulations thereto.

"*Net Income*" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with IFRS and before any reduction in respect of Preferred Stock dividends, excluding, however:

(1) any gain or loss, together with any related provision for taxes on such gain or loss, realized in connection with: (a) any Asset Sale; or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and

(2) any extraordinary gain or loss, together with any related provision for taxes on such extraordinary gain or loss.

"*Net Proceeds*" means the aggregate cash proceeds, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not the interest component, thereof) received by Calfrac or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of (1) the direct costs relating to such Asset Sale, including, without limitation, legal, accounting, investment banking and brokerage fees, and sales commissions, and any relocation expenses incurred as a result thereof, (2) taxes paid or payable as a result thereof, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, (3) amounts required to be applied to the repayment of Indebtedness or other liabilities secured by a Lien on the asset or assets that were the subject of such Asset Sale or required to be paid as a result of such sale, (4) in the case of any Asset Sale by a Restricted Subsidiary of Calfrac, payments to holders of Equity Interests in such Restricted Subsidiary in such capacity (other than such Equity Interests held by Calfrac or any Restricted Subsidiary thereof) to the extent that such payment is required to permit the distribution of such proceeds in respect of the Equity Interests in such Restricted Subsidiary held by Calfrac or any Restricted Subsidiary thereof, and (5) appropriate amounts to be provided by Calfrac or its Restricted Subsidiaries as a reserve against liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in accordance with

IFRS; *provided* that (a) excess amounts set aside for payment of taxes pursuant to clause (2) above remaining after such taxes have been paid in full or the statute of limitations therefor has expired and (b) amounts initially held in reserve pursuant to clause (5) no longer so held, will, in the case of each of subclause (a) and (b), at that time become Net Proceeds.

"*Non-U.S. Person*" means a Person who is not a U.S. Person.

"*Note Documents*" means this Indenture, the Notes, the Security Instruments and the Intercreditor Agreement.

"*Notes*" means the 10.875% Second Lien Secured Notes due 2026 of Calfrac Holdings issued on the Issue Date and any Additional Notes. The Notes and the Additional Notes, if any, shall be treated as a single class for all purposes under this Indenture.

"*Notes Obligations*" means Obligations in respect of the Notes, this Indenture and the Security Instruments, including for the avoidance of doubt, Obligations with respect to Permitted Refinancing Indebtedness related thereto and Obligations in respect of all fees of, payment or reimbursement of expenses incurred by, indemnifications, damages and any other liabilities payable to, the Trustee and the Collateral Agent in accordance with the Note Documents.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness; *provided* that, except as otherwise provided in the definition of Notes Obligations, in order to avoid double counting, Obligations with respect to the Notes shall not include fees or indemnifications in favor of the Trustee and other third parties other than the Holders of the Notes.

"*Offering Memorandum*" means the offering memorandum, dated January 27, 2020, relating to Calfrac Holdings' offer to exchange its 8.500% Senior Unsecured Notes due 2026 for the Notes.

"*Officer*" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary, any Assistant Secretary or any Senior Vice-President or Vice-President of such Person.

"*Officers' Certificate*" means a certificate signed on behalf of Calfrac by at least two Officers of Calfrac, one of whom must be the principal executive officer, the principal financial officer or the principal accounting officer of Calfrac, delivered to the Trustee that meets the requirements of this Indenture.

"*Opinion of Counsel*" means a written opinion from legal counsel who is acceptable to the Trustee (who may be counsel to or an employee of Calfrac) that meets the requirements of this Indenture.

"*Parent Entity*" means any Person that is a direct or indirect parent company that owns more than 50% of the total voting power of the Voting Stock of Calfrac Holdings.

"*Parent Guarantee*" means a Guarantee of the Notes by Calfrac in accordance with the provisions of this Indenture.

"*Participant*" means, with respect to the Depositary, Euroclear or Clearstream, a Person who has an account with the Depositary, Euroclear or Clearstream, respectively (and with respect to DTC, shall include Euroclear and Clearstream).

"*Permitted Acquisition Indebtedness*" means Indebtedness or Disqualified Stock of Calfrac or any of its Restricted Subsidiaries to the extent such Indebtedness or Disqualified Stock was Indebtedness or Disqualified Stock of any other Person existing at the time (a) such Person became a Restricted Subsidiary of Calfrac or (b) such Person was merged or consolidated with or into Calfrac or any of its Restricted Subsidiaries; provided that on the date such Person became a Restricted Subsidiary of Calfrac or the date such Person was merged or consolidated with or into Calfrac or any of its Restricted Subsidiaries, as applicable, either:

(1) immediately after giving effect to such transaction on a pro forma basis as if the same had occurred at the beginning of the applicable four-quarter period, Calfrac or such Restricted Subsidiary, as applicable, would be permitted to incur at least $1.00 of additional Indebtedness pursuant to Section 4.09(a); or

(2) immediately after giving effect to such transaction on a pro forma basis as if the same had occurred at the beginning of the applicable four-quarter period, the Consolidated Fixed Charge Coverage Ratio of Calfrac would be equal to or greater than the Consolidated Fixed Charge Coverage Ratio of Calfrac immediately prior to such transaction.

"*Permitted Additional First Lien Collateral Documents*" means, collectively, any agreements, documents or instruments pursuant to which a Lien is granted or purported to be granted to secure any Permitted Additional First Lien Obligations or under which rights or remedies with respect to such Liens are granted.

"*Permitted Additional First Lien Documents*" means, at any time, each of the notes, agreements, documents, collateral documents, joinders and instruments providing for or evidencing any Permitted Additional First Lien Obligations as well as any other document or instrument executed or delivered at any time in connection with any Permitted Additional First Lien Obligations, to the extent such are effective at the relevant time.

"*Permitted Additional First Lien Obligations*" means any Indebtedness that is expressly permitted under the First Lien Credit Agreement and this Indenture to be secured on a senior basis to the Liens securing the Notes and is the subject of the Intercreditor Agreement and/or other intercreditor arrangement contemplated under the First Lien Credit Agreement and this Indenture.

"*Permitted Additional First Lien Representative*" means the agent, representative or trustee for the Permitted Additional First Lien Secured Parties, together with its successors and permitted assigns under the Permitted Additional First Lien Documents exercising substantially the same rights and powers.

"*Permitted Additional First Lien Secured Parties*" means, at any time, the Permitted Additional First Lien Representative and all holders of Permitted Additional First Lien Obligations at such time.

"*Permitted Business*" means any business conducted or proposed to be conducted by Calfrac and its Restricted Subsidiaries on the Reference Date and other businesses reasonably related, complimentary or ancillary thereto.

"*Permitted Holder*" means any of (i) (a) Ronald P. Mathison ("*Mathison*") or (b) Mathison and any of Douglas R. Ramsay and Gordon A. Dibb ("*Mathison Group*"), and (ii) (a) a majority owned Subsidiary of Mathison or Mathison Group, (b) an immediate family member of Mathison or any member of Mathison Group, or (c) any trust, corporation, partnership, limited liability company or other entity of which the beneficiaries, stockholders, partners, members, owners or Persons Beneficially Owning a majority controlling interest consist of Mathison or Mathison Group and/or such other Persons referred to in the immediately preceding clauses (ii)(a) and (b).

"*Permitted Investments*" means:

(1) any Investment in Calfrac or in a Restricted Subsidiary of Calfrac;

(2) any Investment in Cash Equivalents;

(3) any Investment by Calfrac or any Restricted Subsidiary of Calfrac in a Person; if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of Calfrac; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Calfrac or a Restricted Subsidiary of Calfrac;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10 or a sale or disposition of assets excluded from the definition of "Asset Sale;"

(5) Hedging Obligations that are Incurred for the purpose of fixing, hedging or swapping interest rate, commodity price or foreign currency exchange rate risk (or to reverse or amend any such agreements previously made for such purposes), and not for speculative purposes, and that do not increase the Indebtedness of the obligor outstanding at any time other than as a result of fluctuations in interest rates, commodity prices or foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;

(6) stock, obligations or securities received as a result of the bankruptcy or reorganization of a Person or taken in settlement or other resolutions of claims or disputes or in satisfaction of judgments, and extensions, modifications and renewals thereof;

(7) advances to customers or suppliers in the ordinary course of business that are, in conformity with IFRS, recorded as accounts receivable, prepaid expenses or deposits on the balance sheet of Calfrac or its Restricted Subsidiaries and endorsements for collection or deposit arising in the ordinary course of business;

(8) any Investment in any Person solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of Calfrac;

(9) loans to officers and employees of Calfrac or any of its Subsidiaries made in the ordinary course of business, which, in the aggregate outstanding amount, do not at any time exceed US$5,000,000;

(10) Permitted Joint Venture Investments made by Calfrac or any of its Restricted Subsidiaries in an aggregate amount (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (10), that does not exceed US$20,000,000;

(11) repurchases of, or other Investments in, the Notes;

(12) advances, deposits and prepayments for purchases of any assets used in a Permitted Business, including any Equity Interests;

(13) commission, payroll, travel, entertainment and similar advances to officers and employees of Calfrac or any of its Restricted Subsidiaries that are expected at the time of such advance ultimately to be recorded as an expense in conformity with IFRS;

(14) Guarantees issued in accordance with Section 4.09;

(15) Investments existing on the Reference Date;

(16) any Investment (a) existing on the Reference Date, (b) made pursuant to binding commitments in effect on the Reference Date and (c) that replaces, refinances or refunds any Investment described under either of the immediately preceding clauses (a) or (b); provided that the new Investment is in an amount that does not exceed the amount replaced, refinanced or refunded, and not materially less favorable to Calfrac or any of its Restricted Subsidiaries than the Investment replaced, refinanced or refunded as determined in good faith by Calfrac;

(17) Investments the payment for which consists solely of Capital Stock of Calfrac;

(18) repurchase of the Notes;

(19) any Investment in any Subsidiary of Calfrac in connection with intercompany cash management arrangements or related activities;

(20) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business or consistent with past practice;

(21) Investments in the ordinary course of business or consistent with past practice consisting of the licensing or contribution of intellectual property pursuant to joint marketing or other business arrangements with other Persons;

(22) any Investment acquired by Calfrac or any of its Restricted Subsidiaries, as a result of the acquisition of another Person, including by way of a merger, amalgamation or consolidation with or into Calfrac or any of its Restricted Subsidiaries in a transaction

that is not prohibited by this Indenture to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(23) an Investment in exchange for any other Investment or accounts receivable held by Calfrac or any Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of Calfrac of such other Investment or accounts receivable;

(24) an Investment in satisfaction of judgments against other Persons; and

(25) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (25) since the Reference Date, not to exceed the greater of (a) US$20,000,000 or (b) 5.0% of Consolidated Tangible Assets of Calfrac (determined as of the date of the most recent available quarterly or annual balance sheet of Calfrac after giving pro forma effect to such Investment and the application of the proceeds therefrom);

provided, *however*, that with respect to any Investment, Calfrac may, in its sole discretion, allocate all or any portion of any Investment and later re-allocate all or any portion of any Investment, to one or more of the above clauses (1) through (25) so that the entire Investment would be a Permitted Investment.

"*Permitted Joint Venture Investment*" means, with respect to an Investment by any specified Person, an Investment by such specified Person in any other Person engaged in a Permitted Business (i) over which the specified Person is responsible (either directly or through a service agreement) for day-to-day operations or otherwise has operational and managerial control of such other person, or veto power over significant management decisions affecting such other Person and (ii) of which at least 30% of the outstanding Equity Interests of such other Person is at the time owned directly or indirectly by the specified Person.

"*Permitted Liens*" means:

(1) Liens on the assets of Calfrac and any Restricted Subsidiary securing Indebtedness and other obligations Incurred under clause (1) of Section 4.09(b); *provided, however*, that the maximum amount of Indebtedness secured by Liens permitted to be Incurred under this clause (1), together with the maximum amount of Indebtedness secured by Liens permitted to be Incurred under clause (9) below, shall be reduced by the aggregate principal amount of Notes secured under clause (5) below;

(2) Liens in favor of Calfrac or any Restricted Subsidiary;

(3) Liens on property of a Person (i) existing at the time of acquisition thereof or (ii) existing at the time such Person is merged with or into or consolidated with Calfrac or any Restricted Subsidiary of Calfrac; *provided* that such Liens were in existence prior to, and not in contemplation of, such merger or consolidation and do not extend to any assets

other than those of the Person merged into or consolidated with Calfrac or the Restricted Subsidiary;

(4) Liens on property existing at the time of acquisition thereof by Calfrac or any Restricted Subsidiary of Calfrac, *provided* that such Liens were in existence prior to, and not in contemplation of, such acquisition and do not extend to any property other than the property so acquired by Calfrac or the Restricted Subsidiary;

(5) Liens securing the Notes issued on the Issue Date and the related Guarantees;

(6) Liens existing on the Issue Date (other than any Liens securing Indebtedness Incurred under clause (1) of Section 4.09(b) and any Liens securing the Notes and related Guarantees pursuant to clause (5) above);

(7) Liens securing Permitted Refinancing Indebtedness; *provided* that any such Lien is limited to all or part of the same property or assets that secured (or under the written agreement under which such original Lien arose, could secure) the Indebtedness being refinanced;

(8) Liens on property or assets used to defease or to satisfy and discharge Indebtedness; *provided* that (a) the Incurrence of such Indebtedness was not prohibited by this Indenture and (b) such defeasance or satisfaction and discharge is not prohibited by this Indenture;

(9) Liens not otherwise permitted by clauses (1)-(8) and (10) through (30) of this definition which secure Indebtedness of Calfrac or any of its Restricted Subsidiaries not to exceed the greater of (a) US$60.0 million or (b) 4.0% of the Consolidated Tangible Assets of Calfrac at any one time outstanding; *provided, however,* that the maximum amount of Indebtedness secured by Liens permitted to be Incurred under this clause (9), together with the maximum amount of Indebtedness secured by Liens permitted to be Incurred under clause (1) above, shall be reduced by the aggregate principal amount of Notes secured under clause (5) above;

(10) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (4) of Section 4.09(b); *provided* that any such Lien (i) covers only the assets acquired, constructed, refurbished, installed, improved, deployed, refurbished, modified or leased with such Indebtedness and (ii) is created within 180 days of such acquisition, construction, refurbishment, installation, improvement, deployment, refurbishment, modification or lease;

(11) Liens to secure Indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of construction, development, expansion or improvement of the equipment or other property subject to such Liens; *provided, however*, that (i) the principal amount of any Indebtedness secured by such a Lien does not exceed 100% of such purchase price or cost, (ii) such Lien does not extend to or cover any property other than such item of property or any improvements on such item of property and (iii) the incurrence of such Indebtedness is otherwise not prohibited by this Indenture;

(12) Liens on the assets of Foreign Subsidiaries securing Indebtedness of any Foreign Subsidiary, which Indebtedness is permitted by clause (12) of Section 4.09(b);

(13) Liens (i) securing Hedging Obligations of Calfrac or any of its Restricted Subsidiaries which were incurred for the purpose of fixing, hedging or swapping interest rate, commodity price or foreign currency exchange rate risks (or to reverse or amend any such agreement previously made for such purpose) or (ii) securing letters of credit that support such Hedging Obligations;

(14) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other social security or similar obligations;

(15) Liens, deposits or pledges to secure the performance of bids, tenders, contracts (other than contracts for the payment of Indebtedness), leases, or other similar obligations arising in the ordinary course of business;

(16) survey exceptions, encumbrances, easements or reservations of, or rights of others for, rights of way, zoning or other restrictions as to the use of properties, and defects in title which, in the case of any of the foregoing, were not incurred or created to secure the payment of Indebtedness, and which in the aggregate do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by Calfrac or any of its Restricted Subsidiaries;

(17) judgment and attachment Liens, individually or in the aggregate, neither arising from judgments or attachments that gave rise to, nor giving rise to, an Event of Default, notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(18) Liens, deposits or pledges to secure public or statutory obligations, surety, stay, appeal, indemnity, performance or other similar bonds or obligations, and Liens, deposits or pledges in lieu of such bonds or obligations, or to secure such bonds or obligations, or to secure letters of credit in lieu of or supporting the payment of such bonds or obligations, in each case which are Incurred in the ordinary course of business;

(19) Liens in favor of collecting or payor banks having a right of setoff, revocation, refund or chargeback with respect to money or instruments of Calfrac or any Subsidiary thereof on deposit with or in possession of such bank;

(20) any interest or title of a lessor, licensor or sub-licensor in the property subject to any lease, license or sublicense;

(21) Liens for taxes, assessments and governmental charges not yet delinquent or being contested in good faith and for which adequate reserves have been established to the extent required by IFRS;

(22) Liens arising from precautionary financing statements under the Uniform Commercial Code or financing statements under the PPSA or similar statutes regarding operating leases, sales of receivables or consignments;

(23) Liens of franchisors in the ordinary course of business not securing Indebtedness;

(24) Liens imposed by law, such as carriers', warehousemen's, repairmen's, landlord's, suppliers', builders' and mechanics' Liens or other similar Liens, in each case, incurred in the ordinary course of business for sums not yet delinquent by more than 60 days or being contested in good faith, if such reserve or other appropriate provisions, if any, as shall be required by IFRS, shall have been made in respect thereto;

(25) Liens contained in purchase and sale agreements to which Calfrac or any of its Restricted Subsidiaries is the selling party thereto which limit the transfer of assets pending the closing of the transactions contemplated thereby;

(26) Liens that may be deemed to exist by virtue of contractual provisions that restrict the ability of Calfrac or any of its Subsidiaries from granting or permitting to exist Liens on their respective assets;

(27) Liens in favor of the Trustee as provided for in this Indenture on money or property held or collected by the Trustee in its capacity as Trustee;

(28) Liens arising under operating agreements, joint venture agreements, partnership agreements, oil and gas leases, farmout agreements, division orders, contracts for sale, transportation or exchange of oil and natural gas, unitization and pooling declarations and agreements, area of mutual interest agreements and other agreements arising in the ordinary course of Calfrac's or any Restricted Subsidiary's business that are customary in the Permitted Business;

(29) Liens on and pledges of the Equity Interests of any Unrestricted Subsidiary or any joint venture owned by Calfrac or any of its Restricted Subsidiaries to the extent securing non-recourse debt or other Indebtedness of such Unrestricted Subsidiary or joint venture; and

(30) Liens securing any insurance premium financing under customary terms and conditions, provided that no such Lien may extend to or cover any assets or property other than the insurance being acquired with such financing, the proceeds thereof and any unearned or refunded insurance premiums related thereto.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of Calfrac or any of its Restricted Subsidiaries issued (a) in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund for value, in whole or in part, or (b) constituting an amendment, modification or supplement to or deferral or renewal of ((a) and (b) collectively, a "*Refinancing*") any other Indebtedness of Calfrac or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the amount of such Permitted Refinancing Indebtedness does not exceed the amount of the Indebtedness so refinanced (plus all accrued and unpaid interest thereon and the

amount of any premium necessary to accomplish such refinancing and fees and expenses incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being Refinanced;

(3) if the Indebtedness being Refinanced is subordinated in right of payment to the Notes, the Parent Guarantee or the Subsidiary Guarantees, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of the Notes and is subordinated in right of payment to the Notes, the Parent Guarantee or the Subsidiary Guarantees, as applicable, on terms at least as favorable, taken as a whole, to the Holders of Notes as those contained in the documentation governing the Indebtedness being Refinanced; and

(4) if the Indebtedness being Refinanced is *pari passu* in right of payment with the Notes, the Parent Guarantee or any Subsidiary Guarantee, such Permitted Refinancing Indebtedness is *pari passu* with, or subordinated in right of payment to, the Notes, the Parent Guarantee or such Subsidiary Guarantee, as applicable.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, unlimited liability company, or government or other entity.

"*PPSA*" means the Personal Property Security Act that is applicable to the Collateral from time to time, as the same may be amended from time to time.

"*Preferred Stock*" means, with respect to any Person, any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions upon liquidation.

"*Private Placement Legend*" means the legend set forth in Section 2.07(g)(i)(1), which is required to be placed on each Global Note and each Definitive Note issued under this Indenture.

"*Rating Agency*" means each of Standard & Poor's, Moody's and Fitch, or if Standard & Poor's, Moody's or Fitch, or all, shall not make a rating on the Notes publicly available, a "nationally recognized statistical rating agency or agencies" (as that term is used in Rule 15c3-1 under the Exchange Act), as the case may be, selected by Calfrac (as certified by a resolution of its Board of Directors) which shall be substituted for Standard & Poor's, Moody's or Fitch, or all, as the case may be.

"*Reference Date*" means April 1, 2018.

"*Refinance*" means, in respect of any Indebtedness (or, in the case of any revolving or similar credit facility, any undrawn and available commitments in respect of Indebtedness), to amend, restate, supplement, waive, replace (whether or not upon termination, and whether with the original parties or otherwise), restructure, repay, refund, refinance or otherwise modify from time to time (including by means of any agreement or indenture extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the obligations under such agreement or agreements or indenture or indentures or any successor or replacement agreement or agreements or indenture or indentures or

increasing the amount loaned or issued thereunder or altering the maturity thereof). "Refinanced" and "Refinancing" have correlative meanings.

"*Regulation S*" means Regulation S promulgated under the Securities Act.

"*Regulation S Global Note*" means a Global Note in the form of Exhibit A bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount at maturity of the Notes initially sold in reliance on Rule 903 of Regulation S.

"*Replacement Assets*" means (1) non-current assets that will be used or useful in a Permitted Business or (2) substantially all the assets of a Permitted Business or a majority of the Voting Stock of any Person engaged in a Permitted Business that will become on the date of acquisition thereof a Restricted Subsidiary.

"*Reporting Failure*" means the failure of Calfrac to furnish to the Trustee and each Holder of Notes, within the time periods specified in Section 4.03 (after giving effect to any grace period specified under Rule 12b-25 under the Exchange Act or similar Canadian federal or provincial statute, rule or regulation), the annual reports, information, documents or other reports which Calfrac may be required to file with the SEC, the Canadian Securities Administrators or similar governmental authorities, as the case the be, pursuant to such or similar applicable provisions.

"*Responsible Officer*," when used with respect to the Trustee, means any officer within the Corporate Trust Office of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject, and who has direct responsibility for the administration of this Indenture.

"*Restricted Definitive Note*" means a Definitive Note bearing the Private Placement Legend.

"*Restricted Global Note*" means a Global Note bearing the Private Placement Legend.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Period*" means the 40-day distribution compliance period as defined in Regulation S.

"*Restricted Subsidiary*" of a Person means any Subsidiary of such Person that is not an Unrestricted Subsidiary.

"*Rule 144*" means Rule 144 promulgated under the Securities Act.

"*Rule 144A*" means Rule 144A promulgated under the Securities Act.

"*Rule 903*" means Rule 903 promulgated under the Securities Act.

"*Rule 904*" means Rule 904 promulgated under the Securities Act.

"*SEC*" means the United States Securities and Exchange Commission.

"*Secured Cash Management Agreement*" means a Cash Management Agreement between (a) Calfrac or any Restricted Subsidiary and (b) a Secured Cash Management Provider (or equivalent term in any Refinancing thereof).

"*Secured Cash Management Provider"* means a First Lien Credit Agreement Lender, an Affiliate of a First Lien Credit Agreement Lender, the First Lien Credit Agreement Agent or an Affiliate of the First Lien Credit Agreement Agent (or equivalent term in any Refinancing thereof).

"*Secured Parties*" means, collectively, the First Lien Secured Parties and the Notes Secured Parties, or any of the foregoing.

"*Secured Swap Agreement*" means any Swap Agreement between Calfrac or any Restricted Subsidiary and any Person that is entered into prior to the time, or during the time, that such Person was, a First Lien Credit Agreement Lender or an Affiliate of a First Lien Credit Agreement Lender (including any such Swap Agreement in existence prior to the date hereof), even if such Person subsequently ceases to be a First Lien Credit Agreement Lender (or an Affiliate of a First Lien Credit Agreement Lender) for any reason (any such Person, together with any other Person identified to each of the First Lien Agents and the trustee in writing by Calfrac on or after the date hereof and approved in writing by each First Lien Agent, a "*Secured Swap Party*"); provided that, for the avoidance of doubt, the term "Secured Swap Agreement" shall not include any transactions entered into after the time that such Secured Swap Party ceases to be a First Lien Credit Agreement Lender or an Affiliate of a First Lien Credit Agreement Lender (or equivalent term in any Refinancing thereof).

"*Secured Swap Party*" has the meaning assigned to such term in the definition of Secured Swap Agreement (or equivalent term in any Refinancing thereof).

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*Security Instruments*" means all guarantees, debentures, debenture pledge agreements, mortgages, trusts deeds, deeds of trust, assignments and security and other agreements now or hereafter executed and delivered by the Issuer or any Guarantor in connection with, or as security for the payment or performance of the Notes Obligations.

"*Significant Subsidiary*" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Issue Date.

"*Standard & Poor's*" means Standard & Poor's Rating Service, a division of S&P Global Inc., or any successor to the rating agency business thereof.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means Indebtedness of Calfrac Holdings, Calfrac or a Subsidiary Guarantor that is contractually subordinated in right of payment, in any respect (by its terms or the terms of any document or instrument relating thereto), to the Notes, the Parent Guarantee or the Subsidiary Guarantee of such Guarantor, as applicable.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"*Subsidiary Guarantee*" means a Guarantee of the Notes by a Subsidiary of Calfrac in accordance with the provisions of this Indenture.

"*Subsidiary Guarantor*" means any Subsidiary that executes a Subsidiary Guarantee in accordance with the provisions of this Indenture and its respective successors and assigns until released from its obligations under its Subsidiary Guarantee and this Indenture in accordance with the terms of this Indenture.

"*Swap Agreement*" means any Currency Agreement and any Interest Rate Agreement.

"*Trust Indenture Act*" means the Trust Indenture Act of 1939, as amended.

"*Trustee*" means the Person named as the "Trustee" in the introductory paragraph of this Indenture, until a successor Person replaces it in accordance with the applicable provisions of this Indenture and thereafter, means such successor Person serving hereunder and each such successive successor Person.

"*Uniform Commercial Code*" or "*UCC*" means the Uniform Commercial Code as from time to time in effect in the State of New York, unless otherwise provided herein.

"*Unrestricted Definitive Note*" means a Definitive Note that does not bear and is not required to bear the Private Placement Legend.

"*Unrestricted Global Note*" means a Global Note substantially in the form of Exhibit A that bears the Global Note Legend, that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, that is deposited with or on behalf of and registered in the name of the Depositary, representing a series of Notes, and that does not bear and is not required to bear the Private Placement Legend.

"*Unrestricted Subsidiary*" means any Subsidiary of Calfrac that is designated by the Board of Directors of Calfrac as an Unrestricted Subsidiary pursuant to a Board Resolution in compliance with Section 4.14, and any Subsidiary of such Subsidiary.

"*U.S. Bankruptcy Code*" means Title 11 of the United States Code.

"*U.S. Dollar Equivalent*" means, with respect to any monetary amount in a currency other than the U.S. dollar, at or as of any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by Reuters (or, if Reuters ceases to provide such spot quotations, by any other reputable service as is providing such spot quotations, as reasonably selected by Calfrac) at approximately 11:00 a.m. (New York City time) on the date not more than two Business Days prior to such determination.

"*U.S. dollars*" or "*US$*" means United States dollars. Whenever the compliance with any provision of, or the default provisions or definitions in, this Indenture refer to an amount in U.S. dollars, that amount will be deemed to refer to the U.S. Dollar Equivalent of the amount of any obligation or sum denominated in any other currency or currencies, including composite currencies, which was in effect on the date of Incurring, expending, remitting or otherwise initially incurring or expending such amount, or in the case of revolving credit obligations, on the date first committed, or otherwise as expressly provided in this Indenture, and, in any case, no subsequent change in the U.S. Dollar Equivalent after the applicable date of determination will cause such determination to be modified.

"*U.S. Person*" means a U.S. person as defined in Rule 902(k) under the Securities Act.

"*Voting Stock*" of any Person as of any date means the Capital Stock of such Person that is ordinarily entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

"*WURA*" means the Winding-up and Restructuring Act (Canada), as the same may be amended from time to time.

Section 1.02 *Other Definitions.*

Term	**Defined in Section**
"*Additional Amounts*"	4.17(b)
"*Advance Offer*"	4.10(c)
"*Advance Portion*"	4.10(c)

"*Affiliate Transaction*"	4.11(a)
"*Asset Sale Offer*"	4.10(c)
"*Authentication Order*"	2.02
"*Canadian Private Placement Legend*"	2.07(g)(iii)
"*Change of Control Offer*"	4.13(a)
"*Change of Control Payment*"	4.13(a)
"*Change of Control Payment Date*"	4.13(a)
"*Code*"	2.07(i)(ix)
"*Covenant Defeasance*"	8.03
"*DTC*"	2.01(c)
"*Event of Default*"	6.01(a)
"*Excess Proceeds*"	4.10(c)
"*Excluded Holder*"	4.17(b)
"*Foreign Subsidiaries*"	4.09(b)(12)
"*Judgment Currency*"	12.11
"*Legal Defeasance*"	8.02
"*Make-Whole Average Life*"	3.07(c)
"*Make-Whole Premium*"	3.07(c)
"*Offer Amount*"	3.08
"*Offer Period*"	3.08
"*Paying Agent*"	2.04
"*Payment Default*"	6.01(a)(6)(i)
"*Permitted Debt*"	4.09(b)
"*Purchase Date*"	3.08
"*Registrar*"	2.04
"*Reimbursement Payments*"	4.17(d)
"*Reinstatement Date*"	4.18
"*Repurchase Offer*"	3.08
"*Restricted Payments*"	4.07
"*Suspended Provisions*"	4.18
"*Suspension Date*"	4.18
"*Suspension Period*"	4.18
"*Taxes*"	4.17(a)
"*Taxing Authority*"	4.17(a)
"Transaction Agreement Date"	1.04
"*Treasury Rate*"	3.07(c)

Section 1.03 *Rules of Construction.*

Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with IFRS;

(c) "*or*" is not exclusive;

(d) words in the singular include the plural, and in the plural include the singular;

(e) "*herein*," "*hereof*" and other words of similar import refer to this Indenture as a whole and not to any particular Section, Article or other subdivision;

(f) all references to Sections or Articles or Exhibits refer to Sections or Articles or Exhibits of or to this Indenture unless otherwise indicated;

(g) references to sections of or rules under the Securities Act shall be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time;

(h) whenever in this Indenture or the Notes it is provided that the principal amount with respect to a Note shall be paid, such provision shall be deemed to require (whether or not so expressly stated) the simultaneous payment of any accrued and unpaid interest to the date of payment on such Note; and

(i) the word "*will*" shall be construed to have the same meaning and effect as the word "*shall*."

Section 1.04 *Financial Calculations for Limited Condition Transactions*

(a) With respect to any Limited Condition Transaction, for purposes of determining:

(i) whether any Indebtedness (including Acquired Debt) that is being incurred in connection with such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness is permitted to be incurred in compliance with Section 4.09;

(ii) whether any Lien being incurred in connection with such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness or to secure any such Indebtedness is permitted to be incurred in accordance with Section 4.12 or the definition of "Permitted Liens";

(iii) whether any other transaction undertaken or proposed to be undertaken in connection with such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness complies with the covenants or agreements contained in this Indenture or the notes; and

(iv) any calculation of the Consolidated Fixed Charge Coverage Ratio, Consolidated Net Income and/ or Consolidated Cash Flow and, whether a Default or Event of Default exists in connection with the foregoing,

at the option of Calfrac, using the date that the definitive agreement for such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness is entered into (the "*Transaction Agreement Date*") as the applicable date of determination, as the case may be, in each case with such pro forma adjustments as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of "Consolidated Fixed Charge Coverage Ratio." For the avoidance of doubt, if Calfrac elects to use the Transaction Agreement Date as the applicable date of determination in accordance with

the foregoing, (a) any fluctuation or change in the Consolidated Fixed Charge Coverage Ratio, Consolidated Net Income and/or Consolidated Cash Flow of Calfrac, the target business or assets to be acquired subsequent to the Transaction Agreement Date and at or prior to the consummation of such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness, will not be taken into account for purposes of determining whether any Indebtedness or Lien that is being incurred in connection with such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness is permitted to be incurred or in connection with compliance by Calfrac or any of the Restricted Subsidiaries with any other provision of this Indenture or the notes or any other transaction undertaken in connection with such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness and (b) until such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness is consummated or such definitive agreements are terminated, such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness and all transactions proposed to be undertaken in connection therewith (including the incurrence of Indebtedness and Liens) will be given pro forma effect when determining compliance of other transactions (including the incurrence of Indebtedness and Liens unrelated to such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness) that are consummated after the Transaction Agreement Date and on or prior to the consummation of such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness and any such transactions (including any incurrence of Indebtedness and the use of proceeds thereof) will be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or ratios under this Indenture after the date of such agreement and before the consummation of such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness; provided that in connection with the making of Restricted Payments, the calculation of Consolidated Net Income (and any defined term a component of which is Consolidated Net Income) will not, in any case, assume such acquisition or similar Investment has been consummated. In addition, this Indenture will provide that compliance with any requirement relating to absence of Default or Event of Default may be determined as of the Transaction Agreement Date and not as of any later date as would otherwise be required under this Indenture. In the event an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) is Incurred or issued, any Lien is incurred or other transaction is undertaken on the same date that any other item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) is Incurred or issued, any other Lien is incurred or other transaction is undertaken, then the Consolidated Fixed Charge Coverage Ratio will be calculated with respect to such incurrence, issuance or other transaction without regard to any other incurrence, issuance or transaction. Each item of Indebtedness, Disqualified Stock or Preferred Stock that is incurred or issued, each Lien incurred and each other transaction undertaken will be deemed to have been incurred, issued or taken first, to the extent available, pursuant to the relevant Consolidated Fixed Charge Coverage Ratio.

Article II

THE NOTES

Section 2.01 *Form and Dating.*

(a) *General*. The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note shall be dated the date of its authentication. The Notes shall be issued

in registered form without interest coupons in minimum denominations of US$2,000 and integral multiples of US$1.00 in excess thereof.

The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Indenture, and Calfrac Holdings, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) *Global Notes*. Notes issued in global form shall be substantially in the form of Exhibit A (and shall include the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Notes issued in definitive form shall be substantially in the form of Exhibit A (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note shall represent such amount of the outstanding Notes as shall be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee or, if the Custodian and the Trustee are not the same Person, by the Custodian at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.07 hereof.

(c) *Regulation S Global Notes*. Notes offered and sold in reliance on Regulation S shall be issued initially in the form of the Regulation S Global Note, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, as custodian for The Depository Trust Company ("*DTC*"), and registered in the name of the Depositary or the nominee of the Depositary for the accounts of designated agents holding on behalf of Euroclear or Clearstream, duly executed by Calfrac Holdings and authenticated by the Trustee as hereinafter provided. The aggregate principal amount of the Regulation S Global Notes may, from time to time, be increased or decreased by adjustments made on the records of the Trustee and the Depositary or its nominee, as the case may be, in connection with transfers of interest as hereinafter provided.

(d) *Euroclear and Clearstream Procedures Applicable*. The provisions of the "Operating Procedures of Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Clearstream Banking" and "Customer Handbook" of Clearstream shall be applicable to transfers of beneficial interests in the Regulation S Global Notes that are held by Participants through Euroclear or Clearstream.

Section 2.02 *Execution and Authentication.*

At least one Officer of Calfrac Holdings shall sign the Notes for Calfrac Holdings by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be entitled to any benefit under this Indenture or be valid or obligatory for any purpose until authenticated by the manual signature of the Trustee. Such signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture is unlimited.

Calfrac Holdings may, subject to Section 4.09 of this Indenture and applicable law, issue Additional Notes under this Indenture. The Notes issued on the Issue Date and any Additional Notes subsequently issued shall be treated as a single class for all purposes under this Indenture.

At any time and from time to time after the execution of this Indenture, the Trustee shall, upon receipt of a written order of Calfrac Holdings signed by an Officer of Calfrac Holdings (an "*Authentication Order*"), together with the documents required under Sections 12.04 and 12.05 hereof, authenticate Notes for original issue in an aggregate principal amount specified in such Authentication Order. The Authentication Order shall specify the amount of Notes to be authenticated and the date on which the Notes are to be authenticated.

The Trustee may appoint an authenticating agent acceptable to Calfrac Holdings, which acceptance shall not be unreasonably withheld, to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of Calfrac Holdings.

Section 2.03 *Methods of Receiving Payments on the Notes.*

All payments on Notes (including principal, and premium, if any, and interest) shall be made at the office or agency of the Paying Agent and Registrar unless Calfrac Holdings elects to make interest payments by check mailed to the Holders at their addresses set forth in the register of Holders.

Section 2.04 *Registrar and Paying Agent.*

(a) Calfrac Holdings shall maintain a registrar with an office or agency where Notes may be presented for registration of transfer or for exchange ("*Registrar*") and a paying agent with an office or agency where Notes may be presented for payment ("*Paying Agent*"). The Registrar shall keep a register of the Notes and of their transfer and exchange. Calfrac Holdings may appoint one, or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. Calfrac Holdings may change any Paying Agent or Registrar without prior notice to any Holder. Calfrac Holdings shall promptly notify the Trustee in writing of the name and address of any Agent who is not a party to this Indenture. If Calfrac Holdings fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. Calfrac or any of its Restricted Subsidiaries may act as Paying Agent or Registrar.

(b) Calfrac Holdings initially appoints DTC to act as Depositary with respect to the Global Notes.

(c) Calfrac Holdings initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Custodian with respect to the Global Notes.

Section 2.05 *Paying Agent to Hold Money in Trust.*

Calfrac Holdings shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium, if any, or interest on the Notes, and shall notify the Trustee of any default by Calfrac Holdings in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee, Calfrac Holdings at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than Calfrac or one of its Restricted Subsidiaries) shall have no further liability for the money. If Calfrac or one of its Restricted Subsidiaries acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to Calfrac or any of its Restricted Subsidiaries, the Trustee shall serve as Paying Agent for the Notes.

Section 2.06 *Holder Lists.*

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, Calfrac Holdings shall furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes.

Section 2.07 *Transfer and Exchange.*

(a) *Transfer and Exchange of Global Notes*. A Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes shall be exchanged by Calfrac Holdings for Definitive Notes if (i) Calfrac Holdings delivers to the Trustee notice from the Depositary that it (A) is unwilling or unable to continue to act as Depositary for the Global Notes or (B) has ceased to be a clearing agency registered under the Exchange Act and, in either case, Calfrac Holdings fails to appoint a successor Depositary within 90 days after the date of such notice from the Depositary; (ii) Calfrac Holdings, at its option, notifies the Trustee in writing that it elects to cause the issuance of Definitive Notes in exchange for Global Notes (in whole but not in part); *provided* that in no event shall the Regulation S Global Note be exchanged by Calfrac Holdings for Definitive Notes other than in accordance with Section 2.07(c)(ii); or (iii) upon request of the Depositary or a Beneficial Owner (acting through any applicable Participant or Indirect Participant and the Depositary in accordance with customary procedures), there shall have occurred and be continuing a Default or Event of Default with respect to the Notes. Upon the occurrence of any of the preceding events in clause (i), (ii) or (iii) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Section 2.08 and Section 2.11 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.07 or Section 2.08 or Section 2.11 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.07(a); however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.07(b), (c) or (f) hereof.

(b) *Transfer and Exchange of Beneficial Interests in the Global Notes*. The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. None of Calfrac Holdings, the Trustee, the Paying Agent, or any Agent of Calfrac Holdings shall have any responsibility or liability for any aspect of the records relating to or payment made on account of beneficial ownership interests in a Global Note, or for maintaining, supervising or reviewing any records related to such beneficial ownership interests. Beneficial interests in the Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also shall require compliance with either clause (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(i) *Transfer of Beneficial Interests in the Same Global Note*. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; *provided*, *however*, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person. Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.07(b)(i).

(ii) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes*. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.07(b)(i), the transferor of such beneficial interest must deliver to the Registrar either (A) both (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or (B) both (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above; *provided* that in no event shall Definitive Notes be issued upon the transfer or exchange of beneficial interests in the Regulation S Global Note other than in accordance with Section 2.07(c)(ii).

Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount due at maturity of the relevant Global Notes pursuant to Section 2.07(h).

(iii) *Transfer of Beneficial Interests to Another Restricted Global Note*. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof

in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.07(b)(ii) and the Registrar receives the following:

(A) if the transferee shall take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B, including the certifications in item (1) thereof; and

(B) if the transferee shall take delivery in the form of a beneficial interest in a Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B, including the certifications in item (2) thereof.

(iv) *Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note*. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.07(b)(ii) and:

(A) the Registrar receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C, including the certifications in item (1)(a) thereof; or

(2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B, including the certifications in item (4) thereof;

and, in each such case set forth in this clause (A), if Calfrac Holdings so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to Calfrac Holdings to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to clause (A) above at a time when an Unrestricted Global Note has not yet been issued, Calfrac Holdings shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to clause (D) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) *Transfer or Exchange of Beneficial Interests for Definitive Notes*.

(i) *Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes*. If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in clause (B) through (D) above, a certificate to the effect set forth in Exhibit B, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable; or

(F) if such beneficial interest is being transferred to Calfrac Holdings or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B, including the certifications in item (3)(a) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.07(h) hereof, and Calfrac Holdings shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.07(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.07(c)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) *Beneficial interests in Regulation S Global Note to Definitive Notes*. Notwithstanding Sections 2.07(c)(i)(A) and (C), a beneficial interest in the Regulation S Global Note may not be exchanged for a Definitive Note or transferred to a Person who takes delivery thereof in the form of a Definitive Note unless (x) if such exchange or transfer is made prior to the expiration of the Restricted Period, such Definitive Note will not be issued to, or for the account or benefit of, any U.S. Person, (y) such exchange or transfer is made after the expiration of the Restricted Period or (z) in the case of a transfer, such transfer is made pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(iii) *Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes*. A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if:

(A) the Registrar receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C, including the certifications in item (1)(b) thereof; or

(2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B, including the certifications in item (4) thereof;

and, in each such case set forth in clause (A), if Calfrac Holdings so requests or if the Applicable Procedures so require, an Opinion of Counsel in form acceptable to Calfrac Holdings to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iv) *Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes*. If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.07(b)(ii) the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.07(h) and Calfrac Holdings shall execute and the Trustee shall, upon receipt of an Authentication Order, authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.07(c)(iv) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from or through the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such

Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.07(c)(iv) shall not bear the Private Placement Legend.

(d) *Transfer and Exchange of Definitive Notes for Beneficial Interests.*

(i) *Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes.* If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an "offshore transaction" in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B, including the certifications in item (2) thereof; or

(D) if such Restricted Definitive Note is being transferred to Calfrac Holdings or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B, including the certifications in item (3)(a) thereof,

the Trustee shall cancel the Restricted Definitive Note, and increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of clause (B) above, the 144A Global Note, and in the case of clause (C) above, the Regulation S Global Note.

(ii) *Restricted Definitive Notes to Beneficial Interests in Unrestricted Global, Notes.* A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(A) the Registrar receives the following;

(1) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C, including the certifications in item (l)(c) thereof; or

(2) if the Holder of such Restricted Definitive Note proposes to transfer such Note to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B, including the certifications in item (4) thereof;

and, in each such case set forth in clause (A), if Calfrac Holdings so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to Calfrac Holdings to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.07(d)(ii), the Trustee shall cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(iii) *Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes*. A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Unrestricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to clauses (ii)(D) or (iii) above at a time when an Unrestricted Global Note has not yet been issued, Calfrac Holdings shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) *Transfer and Exchange of Definitive Notes for Definitive Notes*. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.07(e), the Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.07(e).

(i) *Restricted Definitive Notes to Restricted Definitive Notes.* Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer shall be made pursuant to Rule 144A under the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B, including the certifications in item (2) thereof; and

(C) if the transfer shall be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a

certificate in the form of Exhibit B, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(ii) *Restricted Definitive Notes to Unrestricted Definitive Notes*. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if:

(A) the Registrar receives the following:

(1) if the Holder of such Restricted Definitive Note proposes to exchange such Note for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C, including the certifications in item (l)(d) thereof; or

(2) if the Holder of such Restricted Definitive Note proposes to transfer such Note to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B, including the certifications in item (4) thereof;

and, in each such case set forth in clause (A), if Calfrac Holdings so requests, an Opinion of Counsel in form reasonably acceptable to Calfrac Holdings to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iii) *Unrestricted Definitive Notes to Unrestricted Definitive Notes*. A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) [Reserved].

(g) *Legends*. The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(i) *Private Placement Legend*.

(1) Except as permitted in clause (2) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS

EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH CALFRAC HOLDINGS LP (THE "ISSUER") OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

(2) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to clause (b)(iv), (c)(iii), (c)(iv), (d)(ii), (d)(iii), (e)(ii) or (e)(iii) to this Section 2.07 (and all Notes issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(ii) *Global Note Legend*. Each Global Note shall bear a legend in substantially the following form:

THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.07 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.07(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.12 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY

THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

(iii) *Canadian Private Placement Legend*. So long as Calfrac Holdings is not a reporting issuer in Canada, the following legend is prescribed by applicable Canadian securities legislation and applies to trades in the Notes involving Persons in Canada (the immediately following legend, the "*Canadian Private Placement Legend*"):

UNLESS PERMITTED UNDER APPLICABLE SECURITIES LEGISLATION IN CANADA, THE HOLDER OF THIS NOTE MUST NOT TRADE THIS NOTE IN CANADA BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF: (A) FEBRUARY 14, 2020, AND (B) THE DATE THE COMPANY BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

(h) *Cancellation and/or Adjustment of Global Notes*. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned to or retained and canceled by the Trustee in accordance with Section 2.12 hereof. At any time prior to such cancellation, if any beneficial interest in Global Note is exchanged for or transferred to a Person who shall take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal. amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who shall take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) *General Provisions Relating to Transfers and Exchanges*.

(i) To permit registrations of transfers and exchanges, Calfrac Holdings shall execute and the Trustee shall authenticate Global Notes and Definitive Notes upon the receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar's request.

(ii) No service charge shall be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but Calfrac Holdings may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or

similar governmental charge payable upon exchange or transfer pursuant to Sections 2.11, 3.06, 3.08, 4.10, 4.13 and 9.05).

(iii) The Registrar shall not be required to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(iv) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes shall be the valid and legally binding obligations of Calfrac Holdings, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(v) Neither the Registrar nor Calfrac Holdings shall be required (A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of Notes to be redeemed, (B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part, (C) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date or (D) to register the transfer of or to exchange a Note tendered and not withdrawn in connection with a Change of Control Offer or an Asset Sale Offer.

(vi) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and Calfrac Holdings may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or Calfrac Holdings shall be affected by notice to the contrary.

(vii) The Trustee shall authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02.

(viii) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar or Calfrac Holdings pursuant to this Section 2.07 to effect a registration of transfer or exchange may be submitted by facsimile and may be transmitted electronically.

(ix) The Holder transferring or exchanging the Notes shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including, without limitation, any cost basis reporting obligations under Section 6045 of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*"). The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information. Notwithstanding anything to the contrary herein, the Trustee shall have no duty to prepare or file any Federal or state tax report or return with respect to any funds held pursuant to this Indenture or any income earned thereon, except for the delivery and filing of tax information reporting forms required to be delivered and filed with the Internal Revenue Service.

(x) Neither the Trustee nor any Agent shall have any obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Depositary Participants or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(xi) Neither the Trustee nor any Agent shall have any responsibility or liability for any actions taken or not taken by the Depositary.

Section 2.08 *Replacement Notes.*

(a) If any mutilated Note is surrendered to the Trustee or Calfrac Holdings and, the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, Calfrac Holdings shall issue and the Trustee, upon receipt of an Authentication Order, shall authenticate a replacement Note if the Trustee's requirements are met. An indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee to protect the Trustee, any Agent and any authenticating agent and in the judgment of Calfrac Holdings to protect Calfrac Holdings, from any loss that any of them may suffer if a Note is replaced. Calfrac Holdings and the Trustee may charge for its expenses in replacing a Note.

(b) Every replacement Note is an additional obligation of Calfrac Holdings and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.09 *Outstanding Notes.*

(a) The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section as not outstanding, Except as set forth in Section 2.10, a Note does not cease to be outstanding because Calfrac or an Affiliate of Calfrac holds the Note; however, Notes held by Calfrac or an Affiliate of Calfrac shall not be deemed to be outstanding for purposes of Section 3.07(b).

(b) If a Note is replaced pursuant to Section 2.08, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser or protected purchaser.

(c) If the principal amount of any Note is considered paid under Section 4.01, it ceases to be outstanding and interest on it ceases to accrue.

(d) If the Paying Agent (other than Calfrac or a Restricted Subsidiary of Calfrac) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

Section 2.10 *Treasury Notes.*

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by Calfrac Holdings or any Guarantor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with Calfrac Holdings or any Guarantor shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in conclusively relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded. Upon request of the Trustee, Calfrac Holdings will identify any such Notes known by Calfrac Holdings to be so owned in an Officers' Certificate delivered to the Trustee, upon which the Trustee shall be entitled to conclusively rely.

Section 2.11 *Temporary Notes.*

(a) Until certificates representing Notes are ready for delivery, Calfrac Holdings may prepare and the Trustee, upon receipt of an Authentication Order, shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of Definitive Notes but may have variations that Calfrac Holdings considers appropriate for temporary Notes and as shall be acceptable to the Trustee. Without unreasonable delay, Calfrac Holdings shall prepare and the Trustee shall authenticate definitive Notes in exchange for temporary Notes.

(b) Holders of temporary Notes shall be entitled to all of the benefits of this Indenture.

Section 2.12 *Cancellation.*

Calfrac Holdings at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee, and no one else, shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall dispose of canceled Notes in accordance with its procedures for the disposition of canceled securities in effect as of the date of such disposition (subject to the record retention requirement of the Exchange Act). Evidence of the disposition of all canceled Notes shall be delivered to Calfrac Holdings upon Calfrac Holdings' written request. Calfrac Holdings may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.13 *Calculation of Interest; Computation of Interest.*

Interest on the Notes shall be calculated in accordance with the provisions set forth in the Note. In addition, interest on the Notes shall be computed on the basis of a 360-day year comprised of twelve 30-day months, and interest on the Notes for any partial period shall be computed on the basis of a 360-day year of twelve 30-day months and the number of days elapsed in any partial month. If an interest payment falls on a day that is not a Business Day, the interest payment to be made on such interest payment date will be made on the next succeeding Business Day with the same force and effect as if made on such payment date, and no additional interest will accrue as a result of such delayed payment.

Section 2.14 *Interest Act (Canada)*

Solely for the purpose of providing the disclosure required by the *Interest Act* (Canada), if applicable, the annual rate of interest that is equivalent to the rate payable on the Notes shall be the rate payable multiplied by the actual number of days in the year divided by 360.

Section 2.15 *Defaulted Interest.*

If Calfrac Holdings defaults in a payment of interest on the Notes, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01. Calfrac Holdings shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. Calfrac Holdings shall fix or cause to be fixed each such special record date and payment date, *provided* that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, Calfrac Holdings (or, upon the written request of Calfrac Holdings, the Trustee in the name and at the expense of Calfrac Holdings) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.16 *CUSIP, Common Code; and ISIN Numbers.*

Calfrac Holdings in issuing the Notes may use "CUSIP," "Common Code" and "ISIN" numbers (if then generally in use) in addition to the other identification numbers printed on the Notes, and, if so, the Trustee shall use "CUSIP," "Common Code" and "ISIN" numbers in notices of redemption or repurchase, as the case may be, as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption or repurchase, as the case may be, and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption or repurchase, as the case may be, shall not be affected by any defect in or omission of such numbers. Calfrac Holdings shall promptly notify the Trustee in writing of any change in the "CUSIP," "Common Code" and "lSIN" numbers applicable to any Notes.

Article III

REDEMPTION AND OFFERS TO PURCHASE

Section 3.01 *Notices to Trustee.*

If Calfrac Holdings elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 or Section 3.09, it shall furnish to the Trustee, at least 15 days but not more than 60 days before a redemption date, an Officers' Certificate setting forth (i) the clause of this Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of Notes to be redeemed and (iv) the redemption price.

Section 3.02 *Selection of Notes to Be Redeemed.*

(a) If less than all of the Notes are to be redeemed or purchased in an offer to purchase at any time, the Trustee shall select the Notes to be redeemed or purchased among the Holders of the Notes as

follows: (i) in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed, (ii) if the Notes are not so listed, on a pro rata basis, by lot or in accordance with any other method the Trustee shall deem fair and appropriate, or (iii) if the Notes are issued in global form based on the method required by DTC, in accordance with its applicable procedures. In the event of partial redemption or purchase, the particular Notes to be redeemed or purchased shall be selected, unless otherwise provided herein, not less than 15 nor more than 60 days prior to the redemption date by the Trustee from the outstanding Notes not previously called for redemption or purchase.

(b) The Trustee shall promptly notify Calfrac Holdings in writing of the Notes selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. No Notes in amounts of US$2,000 or less shall be redeemed or purchased in part. Notes and portions of Notes selected shall be in amounts of US$2,000 and integral multiples of US$1.00 in excess thereof; except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder, even if not an authorized denomination, shall be redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

Section 3.03 *Notice of Redemption.*

(a) At least 15 days but not more than 60 days before a redemption date, Calfrac Holdings shall mail or cause to be mailed, by first class mail, or electronic transmission for global notes, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture.

The notice shall identify the Notes to be redeemed (including CUSIP numbers) and shall state:

(i) the redemption date;

(ii) the redemption price;

(iii) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion of the original Note shall be issued in the name of the Holder thereof upon cancellation of the original Note;

(iv) the name and address of the Paying Agent;

(v) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price and become due on the date fixed for redemption;

(vi) that, unless Calfrac Holdings defaults in making such redemption payment, or any condition to such redemption is not satisfied interest, if any, on Notes called for redemption ceases to accrue on and after the redemption date;

(vii) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed;

(viii) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes; and

(ix) any conditions that must be satisfied prior to Calfrac Holdings becoming obligated to consummate such redemption, together with provisions for notices to the Trustee and the Holders, respectively, regarding Calfrac Holdings' determination of whether or not all such conditions were timely and satisfactorily met.

(b) At Calfrac Holdings' request, the Trustee shall give the notice of redemption in Calfrac Holdings' name and at Calfrac Holdings' expense; *provided, however*, that Calfrac Holdings shall have delivered to the Trustee, at least three Business Days (or such shorter period of time as may be acceptable to the Trustee) prior to the date such notice if to be provided to the Holders, an Officers' Certificate requesting that the Trustee give such notice together with the notice to be given to the Holders, setting forth the information to be stated in such notice as provided in the preceding paragraph.

Section 3.04 *Effect of Notice of Redemption.*

Except as provided below, once notice of redemption is mailed (or delivered) in accordance with Section 3.03 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. Interest, if any, on Notes called for redemption ceases to accrue on and after the redemption date, unless Calfrac Holdings defaults in payment of the redemption price on such date or any conditions precedent are not satisfied. Notwithstanding the foregoing, notice of any redemption may, at Calfrac Holdings' discretion, be subject to one or more conditions precedent, including, but not limited to, completion of an Equity Offering, Asset Sale, other offering or other transaction or event. If such redemption is subject to the satisfaction of one or more conditions precedent, such notice shall describe each such condition and, if applicable, shall state such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date or that such redemption may be postponed to another date (including more than 60 days after the date on which such notice was sent) selected by Calfrac Holdings. In addition, Calfrac Holdings may provide in any notice of redemption or offer to purchase the notes that payment of the redemption or purchase price and performance of Calfrac Holdings' obligations with respect to such redemption or offer to purchase may be performed by another Person.

Section 3.05 *Deposit of Redemption Price.*

(a) Prior to 10:00 a.m. Eastern time on the redemption or purchase date, Calfrac Holdings shall deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption or purchase price of and accrued and unpaid interest on all Notes to be redeemed or purchased on that date. The Trustee or the Paying Agent shall promptly return to Calfrac Holdings any money deposited with the Trustee or the Paying Agent by Calfrac Holdings in excess of the amounts necessary to pay the redemption or purchase price of and accrued and unpaid interest on all Notes to be redeemed or purchased.

(b) If Calfrac Holdings complies with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest shall cease to accrue on the Notes or the portions of Notes called for redemption or purchase. If a Note is redeemed or purchased on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the

Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption or purchase shall not be so paid upon surrender for redemption or purchase because of the failure of Calfrac Holdings to comply with the preceding paragraph, interest shall be paid on the unpaid principal from the redemption or purchase date until such principal is paid and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01.

Section 3.06 *Notes Redeemed in Part.*

Upon cancellation of a Note that is redeemed or purchased in part, Calfrac Holdings shall issue and, upon receipt of an Authentication Order, together with the documents required under Sections 12.04 and 12.05 hereof, the Trustee shall authenticate for the Holder at the expense of Calfrac Holdings a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered.

Section 3.07 *Optional Redemption.*

(a) Except as set forth in clauses (b) and (c) of this Section 3.07 and in Section 3.09, Calfrac Holdings shall not have the option to redeem the Notes pursuant to this Section 3.07 prior to March 15, 2021. On or after March 15, 2021, Calfrac Holdings may redeem the Notes in whole or part, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest to, but not including, the applicable redemption date, if redeemed during the twelve-month period beginning on March 15 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2021	110.875%
2022	105.438%
2023	102.719%
2024 and thereafter	100.000%

(b) At any time prior to March 15, 2021, Calfrac Holdings may, on one or more occasions, redeem up to 35% of the aggregate principal amount of Notes issued under this Indenture (including any Additional Notes) at a redemption price of 110.875% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the redemption date, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date, with the net cash proceeds of one or more Equity Offerings; *provided* that (1) at least 65% of the aggregate principal amount of Notes issued under this Indenture (including any Additional Notes) remain outstanding immediately after the occurrence of such redemption (excluding Notes held by Calfrac or its Affiliates); and (2) the redemption must occur within 90 days of the date of the closing of such Equity Offering.

(c) At any time prior to March 15, 2021, Calfrac Holdings may redeem the Notes in whole or in part, at 100.0% of the principal amount of the Notes redeemed plus the Make-Whole Premium, plus accrued and unpaid interest to, but not including, the redemption date subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date. "*Make-Whole Premium*" with respect to a Note means the greater of:

(1) 1.0% of the principal amount of such Note; and

(2) the excess, if any, of:

(i) the present value of the remaining interest, premium, if any, and principal payments due on such Note as if such Note were redeemed on March 15, 2021 (excluding accrued and unpaid interest to such redemption date) computed using a discount rate equal to the Treasury Rate plus 50 basis points, over

(ii) the outstanding principal amount of such Note.

The Issuer shall calculate or cause to be calculated the Make-Whole Premium and the Trustee shall have no duty to monitor, calculate or verify the Issuer's calculation of the Make-Whole Premium.

"*Treasury Rate*" means the yield to maturity at the time of the computation of United States Treasury securities with a constant maturity (as compiled by and published in the; most recent Federal Reserve Statistical Release H.15(519), which has become publicly available at least two Business Days prior to the date of the redemption notice or, if such Statistical Release is no longer published, any publicly available source of similar market date) most nearly equal to the then remaining maturity of the Notes assuming redemption of the Notes on March 15, 2021; *provided, however*, that if the Make-Whole Average Life of such Note is not equal to the constant maturity of the United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the Make-Whole Average Life of such Notes is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used. "*Make-Whole Average Life*" means the number of years (calculated to the nearest one-twelfth) between the date of redemption and March 15, 2021.

(d) Any redemption pursuant to this Section 3.07 or Section 3.09 shall be made in accordance with the provisions of Section 3.01 through Section 3.06.

Section 3.08 *Repurchase Offers.*

In the event that, pursuant to Section 4.10 or Section 4.13, Calfrac Holdings shall be require to commence an offer to all Holders to purchase all or a portion of their respective Notes (a "*Repurchase Offer*"), it shall follow the procedures specified in such Sections and, to the extent not inconsistent therewith, the procedures specified below.

The Repurchase Offer shall remain open for a period of no less than 30 days and no more than 60 days following its commencement, except to the extent that a longer period is required by applicable law (the "*Offer Period*"). No later than three Business Days after the termination of the Offer Period (the "*Purchase Date*"), Calfrac Holdings shall purchase the principal amount of Notes required to be purchased pursuant to Section 4.10 or Section 4.13 hereof (the "*Offer Amount*") or, if less than the Offer Amount has been tendered, all Notes tendered in response to the Repurchase Offer. Payment for any Notes so purchased shall be made in the same manner as interest payments are made.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest shall be paid to the Person in whose name a Note is registered at the close of business on such interest record date, and no additional interest shall be payable to Holders who tender Notes pursuant to the Repurchase Offer.

Upon the commencement of a Repurchase Offer, Calfrac Holdings shall send, by first class mail, or electronically for global notes a notice to the Trustee and each of the Holders. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Repurchase Offer. The Repurchase Offer shall be made to all Holders. The notice, which shall govern the terms of the Repurchase Offer, shall state:

(i) that the Repurchase Offer is being made pursuant to this Section 3.08 and Section 4.10 or Section 4.13 hereof, as the case may be, and the length of time the Repurchase Offer shall remain open;

(ii) the Offer Amount, the purchase price and the Purchase Date;

(iii) that any Note not tendered or accepted for payment shall continue to accrue interest;

(iv) that, unless Calfrac Holdings defaults in making such payment, any Note (or portion thereof) accepted for payment pursuant to the Repurchase Offer shall cease to accrue interest after the Purchase Date;

(v) that Holders electing to have a Note purchased pursuant to a Repurchase Offer may elect to have Notes purchased in minimum denominations of US$2,000 and integral multiples of US$1.00 in excess thereof only;

(vi) that Holders electing to have a Note purchased pursuant to any Repurchase Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, or transfer by book-entry transfer, to Calfrac Holdings, the Depositary, if appointed by Calfrac Holdings, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(vii) that Holders shall be entitled to withdraw their election if Calfrac Holdings, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(viii) that, if the aggregate principal amount of Notes surrendered by Holders exceeds the Offer Amount, Calfrac Holdings shall select the Notes to be purchased on a pro rata basis, subject to the applicable procedures of DTC with respect to Global Notes, (with such adjustments as may be deemed appropriate by Calfrac Holdings so that only Notes in minimum denominations of US$2,000 and integral multiples of US$1.00 in excess thereof, shall be purchased); and

(ix) that Holders whose Notes were purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On the Purchase Date, Calfrac Holdings shall, to the extent lawful, accept for payment on a pro rata basis to the extent necessary, the Offer Amount of Notes (or portions thereof) tendered pursuant to the Repurchase Offer, or if less than the Offer Amount has been tendered, all Notes tendered, and shall deliver to the Trustee an Officers' Certificate stating that such Notes (or portions thereof) were accepted for payment by Calfrac Holdings in accordance with the terms of this Section 3.08. Calfrac Holdings, the Depositary or the Paying Agent, as the case may be, shall promptly (but in any case not later than three days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of Notes tendered by such Holder, as the case may be, and accepted by Calfrac Holdings for purchase, and Calfrac Holdings shall promptly issue a new Note. The Trustee, upon receipt of an Authentication Order, together with the documents required under Section 12.04 and 12.05 hereof, shall authenticate and mail or deliver such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered by Calfrac Holdings to the respective Holder thereof. Calfrac Holdings shall publicly announce the results of the Repurchase Offer on the Purchase Date.

Section 3.09 *Tax Redemption.*

(a) Calfrac Holdings may at any time, at its option, redeem, in whole but not in part, the outstanding Notes at a redemption price of 100% of the principal amount thereof plus accrued and unpaid interest to, but not including, the date of redemption, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date, upon the occurrence of an event specified in clause (1) or clause (2) below that results in an obligation to pay any Additional Amounts or any Reimbursement Payments in respect of the Notes:

(1) any change in or amendment to the laws (or regulations promulgated thereunder, rulings, technical interpretations, interpretation bulletins or information circulars) of any Taxing Authority, or

(2) any change in or amendment to any official position regarding the application, administration or interpretation of such laws, regulations, rulings, technical interpretation, interpretation bulletins or information circulars (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment is announced or is effective on or after the Issue Date (without regard to whether any Guarantor is or has been making any payments under the Notes prior to, at or after the time such change or amendment is announced or effective).

(b) It shall be a condition to Calfrac Holdings' right to redeem the Notes pursuant to the provisions set forth in the immediately preceding paragraph that, prior to giving any notice of redemption of the notes, Calfrac Holdings shall have delivered to the Trustee (a) an Officers' Certificate stating that Calfrac Holdings has determined in its reasonable judgment that the obligations to pay such Additional Amounts or Reimbursement Payments cannot be avoided by Calfrac Holdings taking reasonable

measures available to it and (b) an Opinion of Counsel that the circumstances described in the immediately preceding paragraph exist.

(c) No such notice of redemption may be given more than 90 days before or more than 365 days after the occurrence of the event that gives rise to an obligation to pay any Additional Amounts or any Reimbursement Payments (or, if later, the earlier of the date on which the Person obligated to make such payments first becomes aware of such obligation or the date on which it reasonably should have become aware of such obligation to pay any Additional Amounts or Reimbursement Payments) as a result of a change or amendment described above.

Article IV

COVENANTS

Section 4.01 *Payment of Notes.*

(a) Calfrac Holdings shall pay or cause to be paid the principal of, premium, if any, and interest on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest shall be considered paid on the date due if the Paying Agent, where not Calfrac or one of Calfrac's Restricted Subsidiaries, holds, as of 10:00 a.m. Eastern time on the due date, money deposited by Calfrac Holdings in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due.

(b) Calfrac Holdings shall pay interest on overdue principal at the rate specified therefor in the Notes, and it shall pay interest on overdue installments of interest at the same rate borne by the Notes to the extent lawful.

Section 4.02 *Maintenance of Office or Agency.*

(a) Calfrac Holdings shall maintain an office or agency (which may be an office of the Trustee or Registrar or agent of the Trustee or Registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon Calfrac Holdings in respect of the Notes and this Indenture may be served. Calfrac Holdings shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time Calfrac Holdings shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee; provided that no service of legal process against Calfrac, Calfrac Holdings or any Guarantors may be made at any office of the Trustee.

(b) Calfrac Holdings may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. Calfrac Holdings shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

(c) Calfrac Holdings hereby designates the Corporate Trust Office of the Trustee as one such office or agency of Calfrac Holdings in accordance with Section 2.04.

Section 4.03 *Provision of Financial Information.*

(a) Calfrac shall furnish to the Trustee, and upon request, to each Holder of Notes, within the time periods specified in the SEC's rules and regulations applicable to a foreign private issuer subject to the Multijurisdictional Disclosure System:

(1) all quarterly and annual reports applicable to a foreign private issuer subject to the Multijurisdictional Disclosure System which would be required to be filed with the SEC if Calfrac were required to so file such reports; and

(2) all material change reports applicable to a foreign private issuer subject to the Multijurisdictional Disclosure System which would be required to be filed with the SEC if Calfrac were required to so file such reports.

Each annual report shall include a report on Calfrac's consolidated financial statements by Calfrac's certified independent accountants.

(b) Calfrac shall post the reports referred to in clause (a) above, at its option, either on www.sedar.com or on Calfrac's website, within the time periods applicable to a foreign private issuer subject to the Multijurisdictional Disclosure System that would apply if Calfrac were required to so file those reports with the SEC; *provided*, Calfrac shall in any event continue to provide copies of such reports to the Trustee, and, upon request, to each Holder of Notes as above provided. The Trustee shall have no responsibility to determine whether or not Calfrac has posted such reports. Within a reasonable time after Calfrac has actual knowledge of any change or discontinuance in either such website, or upon the request of the Trustee or any Holder, Calfrac shall furnish the Trustee and, if different, any other requesting Person, the change in address or notice of discontinuance of either such website.

Notwithstanding the foregoing, (a) neither Calfrac Holdings nor Calfrac shall be required to deliver any information, certificates or reports that would otherwise be required by (i) Section 302 or Section 404 of the Sarbanes-Oxley Act of 2002, or related Items 307 or 308 of Regulation S-K or (ii) Item 10(e) of Regulation S-K promulgated by the SEC with respect to any non-generally accepted accounting principles financial measures contained therein, (b) such reports shall not be required to contain financial information required by Rule 3-09, Rule 3-10 or Rule 3-16 of Regulation S-X or include any exhibits or certifications required by Form 10-K, Form 10-Q or Form 8-K (or any successor or comparable forms) or related rules under Regulation S-K and (c) such reports shall be subject to exceptions, exclusions and other differences consistent with the presentation of financial and other information in this offering memorandum and shall not be required to present compensation or beneficial ownership information.

(c) For so long as any Notes remain outstanding, at any time Calfrac is not required to file the reports required by clause (a) above, Calfrac shall furnish to the Holders and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(d) Solely by reason of the issuance of the Notes on the Issue Date, Calfrac is not, and shall not be, required to become, a reporting company under the Exchange Act. Calfrac is subject to filing and disclosure requirements under applicable Canadian securities laws. Calfrac is permitted under this Indenture to continue to prepare such filings in accordance with Canadian disclosure requirements.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such reports, information and documents shall not constitute constructive notice of any information contained therein (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

Section 4.04 *Compliance Certificate.*

Calfrac shall deliver to the Trustee, within 90 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of Calfrac and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether Calfrac Holdings, Calfrac and the other Subsidiaries of Calfrac have kept, observed, performed and fulfilled their respective obligations under this Indenture, and further stating, as to such Officers signing such certificate, that to the best of their knowledge, Calfrac Holdings, Calfrac and the other Subsidiaries of Calfrac have kept, observed, performed and fulfilled all of their respective obligations under this Indenture and are not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which they may have knowledge and what action Calfrac is taking or proposes to take with respect thereto) and that to their knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of, premium on, if any, or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action Calfrac Holdings, Calfrac or such Subsidiary of Calfrac is taking or proposes to take with respect thereto.

Section 4.05 *Corporate Existence; Taxes.*

(a) Subject to Article V hereof, Calfrac shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, and the corporate, partnership or other existence of each of its Restricted Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of Calfrac or any such Restricted Subsidiary; *provided*, *however*, (but in all respects subject to Article V hereof) that Calfrac shall not be required to preserve the existence of any of its Restricted Subsidiaries if its Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of Calfrac and its Restricted Subsidiaries, taken as a whole.

(b) Calfrac shall pay, and shall cause each of its Subsidiaries to pay, prior to delinquency, any taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

Section 4.06 *Stay, Extension and Usury Laws.*

Calfrac Holdings, Calfrac and each of the Guarantors covenant (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and Calfrac Holdings, Calfrac and each of the Guarantors (to the extent that it may lawfully do so) hereby expressly waive all benefit or advantage of any such law, and covenant that it shall not, by resort to any such law, hinder, delay or

impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07 *Restricted Payments.*

(a) Calfrac shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay (without duplication) any dividend or make any other payment or distribution on account of Calfrac's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger, consolidation or amalgamation of Calfrac or any of its Restricted Subsidiaries) or to the direct or indirect holders of Calfrac's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends, payments or distributions (x) payable in Equity Interests (other than Disqualified Stock) of Calfrac or (y) to Calfrac or a Restricted Subsidiary of Calfrac);

(2) purchase, redeem or otherwise acquire or retire for value any Equity Interests of Calfrac held by Persons other than any of Calfrac's Restricted Subsidiaries;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Indebtedness (other than intercompany Indebtedness permitted under clause (6) of Section 4.09(b)), except (x) a payment of interest or principal at the Stated Maturity thereof or (y) the purchase, repurchase or other acquisition of, any such Indebtedness in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such purchase, repurchase or other acquisition; or

(4) make any Restricted Investment;

(all such payments and other actions set forth in clauses (1) through (4) above being collectively, referred to as "*Restricted Payments*"), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and

(2) Calfrac would, after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to Incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Fixed Charge Coverage Ratio test set forth in Section 4.09(a); and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Calfrac and its Restricted Subsidiaries after the Reference Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), (8) and (12) of Section 4.07(b)), is less than the sum, without duplication, of:

(aa) 50% of the Consolidated Net Income of Calfrac for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing on the

Reference Date to the end of Calfrac's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(bb) 100% of (A) (i) the aggregate net cash proceeds and (ii) the Fair Market Value of (x) marketable securities (other than marketable securities of Calfrac), (y) Capital Stock of a Person (other than Calfrac or an Affiliate of Calfrac) engaged in a Permitted Business and (z) other assets used in any Permitted Business, in the case of clauses (i) and (ii), received by Calfrac since the Reference Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of Calfrac (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of Calfrac that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of Calfrac), (B) the amount by which Indebtedness of Calfrac or any Restricted Subsidiary is reduced on Calfrac's consolidated balance sheet upon the conversion or exchange after the Reference Date of any such Indebtedness into or for Equity Interests (other than Disqualified Stock) of Calfrac, and (C) the aggregate net cash proceeds, if any, received by Calfrac or any of its Restricted Subsidiaries upon any conversion or exchange described in clause (A) or (B) above; *plus*

(cc) with respect to Restricted Investments made by Calfrac and its Restricted Subsidiaries after the Reference Date, an amount equal to the sum of (A) the net reduction in such Restricted Investments in any Person resulting from (i) repayments of loans or advances, or other transfers of assets, in each case to Calfrac or any Restricted Subsidiary, (ii) net cash proceeds from other repurchases, repayments or redemptions of such Restricted Investments, (iii) net cash proceeds from the sale of any such Restricted Investment or (iv) the release of any Guarantee (except to the extent any amounts are paid under such Guarantee), *plus* (B) all amounts representing the return of capital (excluding dividends and distributions) to Calfrac or any Restricted Subsidiary in respect of such Restricted Investment, *plus* (C) the initial amount of any Restricted Investment made in an entity that subsequently becomes a Restricted Subsidiary, *plus* (D) with respect to any Unrestricted Subsidiary that the Board of Directors of Calfrac redesignates as a Restricted Subsidiary, the Fair Market Value of the Investment in such Subsidiary held by Calfrac or any of its Restricted Subsidiaries at the time of such redesignation; plus

(dd) US$50,000,000.

(b) Section 4.07(a) shall not prohibit, so long as, in the case of clauses (7), (11) and (12) of this Section 4.07(b), no Default has occurred and is continuing or would be caused thereby:

(1) the payment of any dividend or distribution or the making of any Restricted Payment in respect of Subordinated Indebtedness within 60 days after the date of declaration thereof or the giving of an irrevocable notice of redemption therefor, as the case may be, if at said date of declaration such payment would have complied with the provisions of this Indenture;

(2) the payment of any dividend or similar distribution by a Restricted Subsidiary of Calfrac to the holders of its Equity Interests on a pro rata basis;

(3) the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of Calfrac) of, Equity Interests of Calfrac (other than Disqualified Stock) or from the substantially concurrent contribution (other than by a Subsidiary of Calfrac) of capital to Calfrac in respect of its Equity Interests (other than Disqualified Stock); *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from (3)(bb) of the second paragraph of Section 4.07(a);

(4) the defeasance, redemption, repurchase, retirement or other acquisition of Subordinated Indebtedness with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness; *provided* that the amount of any such net cash proceeds that are utilized for any such defeasance, redemption, repurchase, retirement or other acquisition of Indebtedness will be excluded from clause (3)(bb) of the second paragraph of Section 4.07 (a);

(5) Investments acquired as a capital contribution to, or in exchange for, or out of the net cash proceeds of a substantially concurrent sale (other than to a Subsidiary of Calfrac) of, Equity Interests (other than Disqualified Stock) of Calfrac; *provided*, that the amount of any such net cash proceeds that are utilized for any such acquisition or exchange will be excluded from clause (3)(bb) of the second paragraph of Section 4.07(a);

(6) the repurchase, redemption or other acquisition or retirement of Equity Interests deemed to occur upon the exercise or exchange of stock options, warrants or other similar rights to the extent such Equity Interests represent a portion of the exercise or exchange price of those stock options, and the repurchase, redemption or other acquisition or retirement of Equity Interests made in lieu of withholding, taxes resulting from the exercise or exchange of stock options, warrants or other similar rights;

(7) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of Calfrac held by any current or former officer, director or employee (or any of their respective heirs or estates or permitted transferees) of Calfrac or any Restricted Subsidiary of Calfrac pursuant to any employee equity subscription agreement, stock option agreement, stock matching program (without regard to the Calfrac Well Services Ltd. Employee Matching Investment Plan or any replacement plan that is substantially similar in scope and nature thereto, as amended from time to time), stockholders' agreement or similar agreement entered into in the ordinary course of business; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests in any calendar year will not exceed US$7,500,000 (with unused amounts in any calendar year (commencing with the calendar year including the Reference Date) being carried over to succeeding calendar years subject to a maximum of US$10,000,000 in any calendar year); *provided further* that such amount in any calendar year may be increased by an amount not to exceed (A) the cash proceeds received by Calfrac after the Reference Date from the sale of Equity Interests (other than Disqualified Stock) of Calfrac to members of management or directors of Calfrac and its Restricted

Subsidiaries that occurs after the Reference Date (to the extent the cash proceeds from the sale of such Equity Interests have not otherwise been applied to the payment of Restricted Payments by virtue of (3)(bb)of the second paragraph of Section 4.07(a)), *plus* (B) the cash proceeds of key man life insurance policies received by Calfrac and its Restricted Subsidiaries after the Reference Date, *less* (C) the amount of any Restricted Payments made pursuant to clauses (A) and (B) of this clause (7);

(8) dividends on Disqualified Stock issued in compliance with Section 4.09 to the extent such dividends are included in the definition of Consolidated Fixed Charges;

(9) the payment of cash in lieu of fractional Equity Interests in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of Calfrac Holdings, any of its Restricted Subsidiaries or any Parent Entity of Calfrac Holdings;

(10) payments or distributions to dissenting stockholders pursuant to applicable law in connection with a merger, consolidation or transfer of assets that complies with Article V;

(11) the repurchase, redemption or other acquisition or retirement for value of any Indebtedness pursuant to provisions in documentation governing such Indebtedness similar to those described under Section 4.13; *provided* that, prior to such repurchase, redemption or other acquisition or retirement, Calfrac Holdings (or a third party to the extent permitted by this Indenture) shall have made a Change of Control Offer with respect to the Notes and shall have repurchased all Notes validly tendered and not withdrawn in connection with such Change of Control Offer; and

(12) other Restricted Payments in an aggregate amount at any one time outstanding not to exceed US$20,000,000.

(c) In determining whether any Restricted Payment is permitted by this Section 4.07, Calfrac may allocate or reallocate all or any portion of such Restricted Payment among the clauses of Section 4.07(b) or among such clauses and the provisions of Section 4.07(a), *provided* that at the time of such allocation or reallocation, all such Restricted Payments, or allocated portions thereof, would be permitted under the various provisions of this Section 4.07.

(d) The amount of all Restricted Payments will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by Calfrac or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities (other than cash or Cash Equivalents) that are required to be valued by this Section 4.07 shall be determined, in the case of amounts under US$25,000,000 pursuant to an Officers' Certificate delivered to the Trustee and, in the case of amounts over US$25,000,000, by the Board of Directors of Calfrac, whose resolution shall be evidenced by a Board Resolution that shall be delivered to the Trustee.

(e) For the avoidance of doubt, this Section 4.07 shall not restrict the making of any "AHYDO catch-up payment" with respect to, and required by the terms of, any Indebtedness of Calfrac or any of its Restricted Subsidiaries permitted to be incurred under this Indenture.

Section 4.08 *Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.*

(a) Calfrac shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock (or with respect to any other interest or participation in, or measured by, its profits) to Calfrac or any of its Restricted Subsidiaries or pay any liabilities owed to Calfrac or any of its Restricted Subsidiaries (it being understood that the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on any other Capital Stock shall not be deemed a restriction on the ability to pay any dividends or make any other distributions);

(2) make loans or advances to Calfrac or any of its Restricted Subsidiaries; or

(3) transfer any of its properties or assets to Calfrac or any of its Restricted Subsidiaries.

(b) However, the preceding restrictions in Section 4.08(a) shall not apply to encumbrances or restrictions:

(1) existing under, by reason of or with respect to any Credit Facility, Existing Indebtedness, Capital Stock or any other agreements or instruments in effect on the Issue Date and any amendments, modifications, restatements, renewals, extensions, supplements, refundings, replacements or refinancings thereof, *provided* that the encumbrances and restrictions in any such amendments, modifications, restatements, renewals, increases, extensions, supplements, refundings, replacement or refinancings are, in the reasonable good faith judgment of the Chief Executive Officer and the Chief Financial Officer of Calfrac, no more restrictive, taken as a whole, than those contained in the First Lien Credit Agreement, Existing Indebtedness, Capital Stock or such other agreements or instruments, as the case may be, as in effect on the Issue Date;

(2) set forth in the Note Documents or contained in any other instrument relating to any such Indebtedness so long as the Board of Directors of Calfrac determines that such encumbrances or restrictions are no more restrictive in the aggregate than those contained in the Note Documents;

(3) existing under, by reason of or with respect to applicable law, rule, regulation or order;

(4) with respect to any Person or the property or assets of a Person acquired by Calfrac or any of its Restricted Subsidiaries existing at the time of such acquisition and not incurred in connection with, or in contemplation of, such acquisition, which encumbrance or restriction is not applicable to any Person or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired and any amendments,

modifications, restatements, renewals, increases, extensions, supplements, refundings, replacements or refinancings thereof; *provided* that the encumbrances and restrictions in any such amendments, modifications, restatements, renewals, increases, extensions, supplements, refundings, replacement or refinancings are, in the reasonable good faith judgment of the Chief Executive Officer and the Chief Financial Officer of Calfrac, no more restrictive, taken as a whole, than those in effect on the date of the acquisition;

(5) in the case of clause (3) of Section 4.08(a):

(a) that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract or similar property or asset;

(b) existing by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of Calfrac or any Restricted Subsidiary thereof not otherwise prohibited by this Indenture;

(c) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations, in each case which impose restrictions on the property so acquired;

(d) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements entered into with the approval of Calfrac's Board of Directors or in the ordinary course of business, which limitation is applicable only to the assets that are the subject of such agreements;

(e) any instrument governing secured Indebtedness to the extent such restriction only affects the property that secures such Indebtedness pursuant to the Indebtedness Incurred and Liens granted in compliance with this Indenture; and

(f) arising or agreed to in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of Calfrac or any Restricted Subsidiary thereof in any manner material to Calfrac or any Restricted Subsidiary thereof;

(6) existing under, by reason of or with respect to any agreement for the sale or other disposition of all or substantially all of the Capital Stock of, or property and assets of, a Restricted Subsidiary that restrict distributions, loans or advances by that Restricted Subsidiary or transfers of such Capital Stock, property or assets pending such sale or other disposition;

(7) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness do not add any restriction that is prohibited by clauses (1) through (3) of Section 4.08(a) and otherwise are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(8) Liens permitted to be incurred under the provisions of Section 4.12 that limit the right of the debtor to dispose of the assets subject to such Liens;

(9) encumbrances or restrictions contained in agreements entered into in connection with Hedging Obligations permitted from time to time under this Indenture; and

(10) existing under restrictions on cash or other deposits or net worth imposed by customers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business.

Section 4.09 *Incurrence of Indebtedness.*

(a) Calfrac shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Debt); *provided, however*, that Calfrac, Calfrac Holdings or any Restricted Subsidiary may Incur Indebtedness (including Acquired Debt), if the Consolidated Fixed Charge Coverage Ratio for Calfrac's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred would have been at least 2.00 to 1.00, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been Incurred at the beginning of such four-quarter period.

(b) Section 4.09(a) shall not prohibit the Incurrence of any of the following items of Indebtedness (collectively "*Permitted Debt*"):

(1) the Incurrence by Calfrac, Calfrac Holdings or any Subsidiary Guarantor of Indebtedness under Credit Facilities (including, without limitation, the Incurrence by Calfrac, Calfrac Holdings and the Subsidiary Guarantors of Guarantees thereof) in an aggregate amount at any one time outstanding pursuant to this clause (1) not to exceed a maximum amount equal to the greater of (a) $375,000,000 or (b) 30.0% of the Consolidated Tangible Assets of Calfrac (determined as of the date of the most recent available quarterly or annual balance sheet of Calfrac after giving pro forma effect to such incurrence and the application of the proceeds therefrom) *plus* all interest, fees and other obligations thereunder and any Guarantees thereof; *provided, however,* that (i) the maximum amount permitted to be outstanding under this clause (1) shall not be deemed to limit additional Indebtedness under the Credit Facilities to the extent the Incurrence of such additional Indebtedness is permitted pursuant to any of the other provisions of this Section 4.09(b) (other than clause (3) of this Section 4.09(b)) and (ii) the maximum amount permitted to be outstanding under this clause (1), together with the maximum amount permitted to be outstanding under clause (14) of this Section 4.09(b), shall be reduced by the aggregate principal amount of Notes incurred pursuant to clause (3) of this Section 4.09(b);

(2) the Incurrence of Existing Indebtedness;

(3) the Incurrence by Calfrac Holdings and the Guarantors of Indebtedness represented by the Notes, the Parent Guarantee and the Subsidiary Guarantees, in each case, issued on the Issue Date;

(4) the Incurrence by Calfrac or any Restricted Subsidiary of Calfrac of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, Incurred for the purpose of financing all or any part of the purchase price or cost of construction, installation, improvement, deployment, refurbishment, modification or lease of property, plant or equipment or furniture, fixtures and equipment, in each case used in the business of Calfrac or such Restricted Subsidiary, (in each case whether through the direct purchase of such assets or the Equity Interests of any person owning such assets) in an aggregate amount, including all Permitted Refinancing Indebtedness Incurred to refund, refinance, replace, defease or discharge any Indebtedness Incurred pursuant to this clause (4), not to exceed the greater of (a) US$50,000,000 at any time outstanding or (b) 5.0% of Consolidated Tangible Assets of Calfrac (determined as of the date of the most recent available quarterly or annual balance sheet of Calfrac after giving pro forma effect to such incurrence and the application of the proceeds therefrom);

(5) the Incurrence by Calfrac or any Restricted Subsidiary of Calfrac of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance, replace, defease or discharge Indebtedness (other than intercompany Indebtedness) that was permitted to be Incurred under Section 4.09(a) or clauses (2), (3), (4), (5), (13) or (14) of this Section 4.09(b);

(6) the Incurrence by Calfrac or any of its Restricted Subsidiaries of intercompany Indebtedness owing to and held by Calfrac or any of its Restricted Subsidiaries; *provided, however,* that:

(a) if Calfrac, Calfrac Holdings or any Guarantor is the obligor on such Indebtedness, such Indebtedness must be unsecured and the books and records of the respective obligees must reflect that such Indebtedness is expressly subordinated to the prior payment in full in cash of all Obligations with respect to the Notes, in the case of Calfrac Holdings, or the Parent Guarantee or any Subsidiary Guarantee, as the case may be, in the case of a Guarantor;

(b) Indebtedness owed to Calfrac Holdings or any Guarantor must be unsubordinated obligations, unless the obligor under such Indebtedness is Calfrac Holdings or a Guarantor;

(c) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than Calfrac or a Restricted Subsidiary thereof and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either Calfrac or a Restricted Subsidiary thereof, will be deemed, in each case, to constitute an Incurrence of such Indebtedness by Calfrac or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the Guarantee by Calfrac, Calfrac Holdings or any of the Subsidiary Guarantors of Indebtedness of Calfrac Holdings, Calfrac or a Restricted Subsidiary of Calfrac that was permitted to be Incurred by another provision of this Section 4.09;

(8) the Incurrence by Calfrac or any of its Restricted Subsidiaries of Hedging Obligations that are Incurred for the purpose of fixing, hedging or swapping interest rate, commodity price or foreign currency exchange rate risk (or to reverse or amend any such agreements previously made for such purposes), and not for speculative purposes, and that do not increase the Indebtedness of the obligor outstanding at any time other than as a result of fluctuations in interest rates, commodity prices or foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;

(9) the Incurrence by Calfrac or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, bankers' acceptances, performance bonds, completion bonds, bid bonds, appeal bonds and surety bonds or other similar bonds or obligations, and any Guarantees or letters of credit functioning as or supporting any of the foregoing, in each case provided by Calfrac or any of its Restricted Subsidiaries in the ordinary course of business;

(10) the Incurrence by Calfrac or any of its Restricted Subsidiaries of Indebtedness constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business; *provided* that, upon the drawing of such letters of credit or the Incurrence of such Indebtedness, such obligations are reimbursed within one year following such drawing or Incurrence;

(11) the Incurrence by Calfrac of Indebtedness to the extent that the net proceeds thereof are promptly deposited to defease or to satisfy and discharge the Notes;

(12) the Incurrence of Indebtedness by Restricted Subsidiaries of Calfrac, which are neither Canadian/U.S. Restricted Subsidiaries, Calfrac nor Subsidiary Guarantors (such Restricted Subsidiaries, the "*Foreign Subsidiaries*"), in an aggregate amount outstanding at any time not to exceed 15.0% of such Foreign Subsidiaries' Consolidated Tangible Assets (determined on the date of the most recent available quarterly or annual balance sheet of such Subsidiaries, after giving pro forma effect to such Incurrence and the application of the proceeds therefrom);

(13) the Incurrence by Calfrac or any of its Restricted Subsidiaries of Permitted Acquisition Indebtedness;

(14) the Incurrence by Calfrac or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate amount at any time outstanding, including all Permitted Refinancing Indebtedness Incurred, to refund, refinance, defease, discharge or replace any Indebtedness Incurred pursuant to this clause (14), not to exceed the greater of (a) US$60,000,000 or (b) 4.0% of the Consolidated Tangible Assets of Calfrac (determined as of the date of the most recent available quarterly or annual balance sheet of Calfrac after giving pro forma effect to such Incurrence and the application of the proceeds therefrom); *provided, however*, that, the maximum amount permitted to be outstanding under this clause (14), together with the maximum amount permitted to be outstanding under clause (1) of this Section 4.09(b), shall be reduced by the aggregate principal amount of Notes incurred pursuant to clause (3) of this Section 4.09(b);

(15) guarantees to suppliers in the ordinary course of business;

(16) Indebtedness arising in connection with endorsement of instruments for collection or deposit in the ordinary course of business;

(17) Indebtedness consisting of obligations to pay insurance premiums in an amount not to exceed the annual premiums in respect of such insurance premiums at any one time outstanding or take-or- pay obligations contained in supply arrangements;

(18) Indebtedness attributable to (but not Incurred to finance) the exercise of appraisal rights and the settlement of any claims or actions (whether actual, contingent or potential) with respect thereto, in each case with respect to any acquisition (by merger, consolidation or amalgamation or otherwise) permitted under this Indenture; and

(19) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (1) through (18) above.

(c) For purposes of determining compliance with this Section 4.09, in the event that any proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (19) of Section 4.09(b), or is entitled to be Incurred pursuant to Section 4.09(a), Calfrac will be permitted to divide and classify such item of Indebtedness at the time of its Incurrence in any manner that complies with this Section 4.09. In addition, any Indebtedness originally divided or classified as Incurred pursuant to clauses (1) through (19) of Section 4.09(b) or pursuant to Section 4.09(a) may later be re-divided or reclassified by Calfrac such that it will be deemed as having been Incurred pursuant to another of such clauses or Section 4.09(a); *provided* that such re-divided or reclassified Indebtedness could be Incurred pursuant to such new clause or such paragraph at the time of such re-division or reclassification. Notwithstanding the foregoing, Indebtedness under the First Lien Credit Agreement outstanding on the Issue Date will be deemed to have been Incurred on such date in reliance on the exception provided by clause (1) of Section 4.09(b). Guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included in such determination.

(d) Notwithstanding any other provision of this Section 4.09 and for the avoidance of doubt, the maximum amount of Indebtedness that may be Incurred pursuant to this Section 4.09 will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies which occur subsequent to the date that such Indebtedness was Incurred as permitted by this Section 4.09.

(e) Calfrac Holdings will not Incur any Indebtedness that is subordinate in right of payment to any other Indebtedness of Calfrac Holdings unless it is subordinate in right of payment to the Notes to the same extent. Calfrac will not, and will not permit any Subsidiary Guarantor to, Incur any Indebtedness that is subordinate in right of payment to any other Indebtedness of it or such Subsidiary Guarantor unless such Indebtedness is subordinate in right of payment to such Guarantor's Guarantee to the same extent. For purposes of the foregoing, solely for the avoidance of doubt and without any other implication, no Indebtedness will be deemed to be subordinated in right of payment to any other Indebtedness of Calfrac Holdings or any Guarantor, as applicable, solely by reason of any Liens or

Guarantees arising or created in respect thereof or by virtue of the fact that the holders of any secured Indebtedness have entered into intercreditor agreements giving one or more of such holders priority over the other holders in the Collateral held by them.

Section 4.10 *Asset Sales.*

(a) Calfrac shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) Calfrac (or the Restricted Subsidiary, as the case may be) receives consideration in respect of such Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) either (x) at least 75.0% of the consideration therefor received by Calfrac or such Restricted Subsidiary is in the form of cash, Cash Equivalents or Replacement Assets or a combination thereof or (y) the Fair Market Value of the aggregate of all consideration other than cash, Cash Equivalents or Replacement Assets for all Asset Sales since the Issue Date would not exceed 10.0% of Consolidated Tangible Assets of Calfrac after giving effect to such Asset Sales. For purposes of this provision, each of the following will be deemed to be in cash:

(i) any liabilities, as shown on Calfrac's or such Restricted Subsidiary's most recent consolidated balance sheet (or as would be shown on Calfrac's consolidated balance sheet as of the date of such Asset Sale) of Calfrac or any Restricted Subsidiary (other than contingent liabilities and Indebtedness that is by its terms subordinated to the Notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets or Equity Interests pursuant to a written novation agreement that releases Calfrac or such Restricted Subsidiary from further liability therefor;

(ii) any securities, notes or other obligations received by Calfrac or any such Restricted Subsidiary from such transferee that are converted by Calfrac or such Restricted Subsidiary into cash within 270 days after such Asset Sale, to the extent of the cash received in that conversion; and

(iii) accounts receivable of a business retained by Calfrac or any of its Restricted Subsidiaries, as the case may be, following the sale of such business; *provided* that such accounts receivable (A) are not past due more than 90 days and (B) do not have a payment date greater than 120 days from the date of the invoices creating such accounts receivable.

Any Asset Sale pursuant to a condemnation, expropriation or other similar undertaking, including by deed in lieu of condemnation, or pursuant to the foreclosure or other enforcement of a Permitted Lien or exercise by the related lienholder of rights with respect thereto, including by deed or assignment in lieu of foreclosure shall not be required to satisfy the conditions set forth in clauses (1) and (2) of this Section 4.10(a).

Notwithstanding the foregoing, the 75.0% limitation referred to in Section 4.10(a) shall be deemed satisfied with respect to any Asset Sale in which the cash or Cash Equivalents portion of the consideration received therefrom, determined in accordance with the foregoing provision on an after-tax basis, is equal to or greater than what the after-tax proceeds would have been had such Asset Sale complied with the aforementioned 75.0% limitation.

(b) Within 360 days after the receipt of any Net Proceeds from an Asset Sale, Calfrac or its Restricted Subsidiaries may apply an amount equal to such Net Proceeds at its option:

(1) to repay Indebtedness for borrowed money that (x) was secured by the assets sold in such Asset Sale or (y) is secured equally and ratably with the Notes or the related Guarantees or is secured on a priority basis to the Notes or the related Guarantees; or

(2) to make any capital expenditure in or that is used or useful in a Permitted Business or to purchase Replacement Assets (or enter into a binding agreement to make such capital expenditure or to purchase such Replacement Assets); *provided* that (i) such capital expenditure or purchase is consummated within the later of (x) 360 days after the receipt of the Net Proceeds from the related Asset Sale and (y) 180 days after the date of such binding agreement and (ii) if such capital expenditure or purchase is not consummated within the period set forth in the immediately preceding subclause (i) of this clause (2), the amount not so applied will be deemed to be Excess Proceeds.

Pending the final application of any such Net Proceeds, Calfrac may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by this Indenture.

(c) An amount equal to any Net Proceeds from Asset Sales that are not applied or invested as provided in Section 4.10(b) shall constitute "*Excess Proceeds*." If on any date, the aggregate amount of Excess Proceeds exceeds US$20,000,000, then within ten Business Days after such date, Calfrac Holdings shall make an offer (an "*Asset Sale Offer*") to all Holders of Notes and all holders of other Indebtedness that is secured equally and ratably with or on a priority basis to the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets, to purchase the maximum principal amount of Notes and such other Indebtedness that is secured equally and ratably with or on a priority basis to the Notes that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer shall be equal to 100% of principal amount plus accrued and unpaid interest to, but not including, the date of purchase, and shall be payable in cash. Calfrac Holdings may satisfy the foregoing obligation with respect to such Excess Proceeds from an Asset Sale by making an Asset Sale Offer in advance of being required to do so by this Indenture (an "*Advance Offer*") with respect to all or part of the available Excess Proceeds (the "*Advance Portion*"). If any Excess Proceeds remain unapplied after consummation of an Asset Sale Offer, Calfrac and its Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and other Indebtedness that is secured equally and ratably with or on a priority basis to the Notes tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, Calfrac Holdings shall select the Notes and Calfrac Holdings or the respective agent for such other Indebtedness that is secured equally and ratably with or on a priority basis to the Notes shall select such other Indebtedness that is secured equally and ratably with or on a priority basis to the Notes to be purchased on a pro rata basis (with such adjustments as may be deemed

appropriate by Calfrac Holdings so that only Notes in minimum denominations of US$2,000, or in integral multiples of US$1.00 in excess thereof, shall be purchased (or, in the case of Notes in global form, the Notes shall be selected by such method as DTC or its nominee or successor may require), and Calfrac Holdings or the respective agent for such other Indebtedness that is secured equally and ratably with or on a priority basis to the Notes shall make such adjustments for such other Indebtedness that is secured equally and ratably with or on a priority basis to the Notes). Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero (regardless of whether there are any remaining Excess Proceeds upon such completion), and in the case of an Advance Offer, the Advance Portion shall be excluded in subsequent calculations of Excess Proceeds.

(d) Notwithstanding the foregoing, the sale, conveyance or other disposition of all or substantially all of the assets of Calfrac and its Restricted Subsidiaries, taken as a whole, shall be governed by Section 4.13 or Section 5.01, or both of them, as the case may be, and not by this Section 4.10.

(e) Calfrac Holdings shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of this Indenture, or compliance with the Asset Sale provisions of this Indenture would constitute a violation of any such laws or regulations, Calfrac Holdings shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of this Indenture by virtue of such compliance.

Section 4.11 *Transactions with Affiliates.*

(a) Calfrac shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into, make, amend, renew or extend any transaction, contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate of Calfrac (each, an "*Affiliate Transaction*") involving aggregate consideration in excess of $2.5 million, unless:

(1) such Affiliate Transaction is on terms that are no less favorable to Calfrac or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's-length transaction, taken as a whole, by Calfrac or such Restricted Subsidiary with a Person that is not an Affiliate of Calfrac; and

(2) Calfrac delivers to the Trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$20,000,000, an Officers' Certificate certifying that such Affiliate Transaction or series of related Affiliate Transactions complies with this Section 4.11; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$40,000,000, a

Board Resolution set forth in an Officers' Certificate certifying that such Affiliate Transaction or series of related Affiliate Transactions complies with this Section 4.11 and that such Affiliate Transaction or series of related Affiliate Transactions has been approved by a majority of the disinterested members of the Board of Directors of Calfrac.

(b) The following items shall not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.11(a):

(1) transactions between or among Calfrac and/or its Restricted Subsidiaries;

(2) payment of reasonable and customary fees to, and reasonable and customary indemnification and similar payments on behalf of, directors of Calfrac and its Subsidiaries;

(3) any Permitted Investments or Restricted Payments that are permitted by the provisions of Section 4.07;

(4) any issuance of Equity Interests (other than Disqualified Stock) of Calfrac, or receipt of any capital contribution from any Affiliate of Calfrac;

(5) transactions with a Person (other than an Unrestricted Subsidiary of Calfrac) that is an Affiliate of Calfrac solely because Calfrac owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(6) transactions pursuant to agreements or arrangements in effect on the Issue Date and described in the Offering Memorandum, or any amendments modification or supplement thereto or replacement thereto as long as such agreement or arrangement, as so amended, modified, supplemented or replaced, taken as a whole, is not more materially disadvantageous to, or restrictive on, Calfrac and its Restricted Subsidiaries than the original agreement or arrangement in existence on the Issue Date;

(7) loans or advances to employees in the ordinary course of business not to exceed US$5,000,000 in the aggregate at any one time outstanding;

(8) any employment, consulting, service or termination agreement, employee benefit plan or arrangement, reasonable and customary indemnification arrangements or any similar agreement, plan or arrangement, entered into by Calfrac or any of its Restricted Subsidiaries with officers, directors, consultants or employees of Calfrac or any of its Restricted Subsidiaries and the payment of compensation or benefits to officers, directors, consultants and employees of Calfrac or any of its Subsidiaries (including amounts paid pursuant to employee benefit plans, employee stock option or similar plans), and any payments, indemnities or other transactions permitted or required by bylaw, statutory provisions or any of the foregoing agreements, plans or arrangements; so long as such agreement or payment has been approved by a majority of the disinterested members of the Board of Directors of Calfrac;

(9) transactions permitted by, and complying with Section 5.01;

(10) any contribution of capital to Calfrac Holdings;

(11) transactions with any joint venture; provided that all outstanding ownership interests of such joint venture are owned only by Calfrac, its Restricted Subsidiaries and Persons that are not Affiliates of Calfrac Holdings;

(12) transactions with Affiliates solely in their capacity as holders of Indebtedness or Capital Stock of Calfrac Holdings or any of its Subsidiaries, so long as such transaction is with all holders of such class (and there are such non-Affiliate holders) and such Affiliates are treated no more favorably than all other holders of such class generally;

(13) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case, in the ordinary course of business and consistent with past practice and on terms that are no less favorable to Calfrac or such Restricted Subsidiary, as the case may be, as determined in good faith by Calfrac, than those that could be obtained in a comparable arm's length transaction with a Person that is not an Affiliate of Calfrac;

(14) any agreement between any Person and an Affiliate of such Person existing at the time such Person is acquired by or merged or consolidated with or into Calfrac or a Restricted Subsidiary, as such agreement may be amended, modified, supplemented, extended or renewed from time to time; provided that such agreement was not entered into contemplation of such acquisition, merger or consolidation, and so long as any such amendment, modification, supplement, extension or renewal, when taken as a whole, is not materially more disadvantageous to the Holders of the notes in any material respect, than the applicable agreement as in effect on the date of such acquisition, merger or consolidation;

(15) payments to an Affiliate in respect of the notes or any other Indebtedness of Calfrac or any of its Restricted Subsidiaries on the same basis as concurrent payments are made or offered to be made in respect thereof to non-Affiliates or on a basis more favorable to such non-Affiliates;

(16) any lease entered into between Calfrac or any Restricted Subsidiary, as lessee and any Affiliate of Calfrac, as lessor, which is approved by the Board of Directors of Calfrac in good faith or, any lease entered into between Calfrac or any Restricted Subsidiary, as lessee, and any Affiliate of Calfrac, as lessor, in the ordinary course of business; and

(17) payments to and from, and transactions with, any joint ventures entered into in the ordinary course of business or consistent with past practice (including, without limitation, any cash management activities related thereto).

Section 4.12 *Liens.*

Calfrac shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any nature whatsoever upon any asset or property now owned or hereafter acquired, except Permitted Liens.

Section 4.13 *Offer to Repurchase upon a Change of Control.*

(a) If a Change of Control occurs, Calfrac Holdings shall make an offer to each Holder of Notes to repurchase all or any part of that Holder's notes pursuant to an offer (a "*Change of Control Offer*") on the terms set forth in this Indenture. In the Change of Control Offer, Calfrac Holdings shall offer payment (a "*Change of Control Payment*") in cash equal to not less than 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest to, but not including, the date of repurchase (the "*Change of Control Payment Date*," which date will be no earlier than the date of such Change of Control). No later than 30 days following any Change of Control, Calfrac Holdings shall mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the Change of Control Payment Date specified in such notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures in Section 3.08 (including the notice required thereby). Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer. Calfrac Holdings shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities law and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of this Indenture, or compliance with the Change of Control provisions of this Indenture would constitute a violation of any such laws or regulations, Calfrac Holdings shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of this Indenture by virtue of such compliance.

(b) On or before the Change of Control Payment Date, Calfrac Holdings shall, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof properly tendered; and

(3) deliver or cause to be delivered to the Trustee, the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by Calfrac Holdings.

(c) The Paying Agent shall promptly mail or wire transfer to each Holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee shall promptly, upon receipt of an Authentication Order, together with the documents required under Sections 12.04 and 12.05 hereof, authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note shall be in a minimum principal amount of US$2,000 and integral multiples of US$1.00 in excess thereof.

(d) Calfrac Holdings shall advise the Trustee and the Holders of the Notes of the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(e) If Holders of not less than 90.0% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and Calfrac Holdings, or any third party making a Change of Control Offer in lieu of Calfrac Holdings as described in this Section 4.l3, purchases all of the Notes validly tendered and not withdrawn by such Holders, Calfrac Holdings or such third party, as the case may be, shall have the right, upon not less than 15 nor more than 60 days' prior written notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described in this Section 4.13, to redeem all Notes that remain outstanding following such purchase at a redemption price in cash equal to the applicable Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, to, but not including, the date of redemption.

(f) Notwithstanding anything to the contrary in this Section 4.13, Calfrac Holdings shall not be required to make a Change of Control offer upon a Change of Control if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.13 and all other provisions of this Indenture applicable to a Change of Control Offer made by Calfrac Holdings and purchases all Notes properly tendered and not withdrawn under such Change of Control Offer or (ii) notice of redemption has been given to the Trustee pursuant to Section 3.03 and all other provisions of this Indenture applicable to an optional redemption, unless and until there is a default in payment of the applicable redemption price.

Section 4.14 *Designation of Restricted and Unrestricted Subsidiaries.*

(a) The Board of Directors of Calfrac may designate any Restricted Subsidiary of Calfrac to be an Unrestricted Subsidiary; *provided* that:

(1) any Guarantee by Calfrac or any Restricted Subsidiary thereof of any Indebtedness of the Subsidiary being so designated shall be deemed to be an Incurrence of Indebtedness by Calfrac or such Restricted Subsidiary (or both, if applicable) at the time of such designation, and such Incurrence of Indebtedness would be permitted under Section 4.09;

(2) the aggregate Fair Market Value of all outstanding Investments owned by Calfrac and its Restricted Subsidiaries in the Subsidiary being so designated (including any Guarantee by Calfrac or any Restricted Subsidiary thereof of any Indebtedness of such Subsidiary) shall be deemed to be a Restricted Investment made as of the time of such designation and that such Investment would be permitted under Section 4.07;

(3) such Subsidiary does not hold any Liens on any property of Calfrac or any Restricted Subsidiary thereof;

(4) the Subsidiary being so designated:

(i) is a Person with respect to which neither Calfrac nor any of its Restricted Subsidiaries has any direct or indirect obligation (i) to subscribe for additional Equity Interests or (ii) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results;

(ii) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of Calfrac or any of its Restricted Subsidiaries, except to the extent such Guarantee or credit support would be released upon such designation;

(iii) is not a party to any agreement or understanding with Calfrac or any of its Restricted Subsidiaries unless the terms of any such agreement or understanding are no less favorable to Calfrac or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of Calfrac; and

(5) no Default or Event of Default would be in existence following such designation;

provided, *however*, until Calfrac or one of its Restricted Subsidiaries has expressly assumed all of Calfrac Holdings' obligations under and with respect to the Notes and this Indenture, in each case as expressly provided in Section 5.01, neither Calfrac Holdings nor any Restricted Subsidiary of Calfrac Holdings (i) shall be designated an Unrestricted Subsidiary or (ii) shall become a Subsidiary of an Unrestricted Subsidiary.

(b) Any designation of a Restricted Subsidiary of Calfrac as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by this Indenture. If, at any time, any Unrestricted Subsidiary would fail to meet any of the preceding requirements described in subclauses (a), (b) or (c) of clause (4) of Section 4.l4(a), it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary shall be deemed to be Incurred or made by a Restricted Subsidiary of Calfrac as of such date and, if such Indebtedness, Investments or Liens are not permitted to be Incurred or made as of such date under this Indenture, Calfrac shall be in default under this Indenture.

(c) The Board of Directors of Calfrac may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that:

(1) such designation shall be deemed to be an Incurrence of Indebtedness by a Restricted Subsidiary of Calfrac of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if such Indebtedness is permitted under Section 4.09;

(2) all outstanding Investments owned by such Unrestricted Subsidiary shall be deemed to be made as of the time of such designation and such designation shall only be permitted if such Investments would be permitted under Section 4.07; *provided* that such outstanding Investments shall be valued at the lesser of (a) the Fair Market Value of such Investments measured on the date of such designation and (b) the Fair Market Value of such Investments measured at the time each such Investment was made by such Unrestricted Subsidiary;

(3) all Liens upon property or assets of such Unrestricted Subsidiary existing at the time of such designation would be permitted under Section 4.12; and

(4) no Default or Event of Default would be in existence following such designation.

Section 4.15 [Reserved].

Section 4.16 *Subsidiary Guarantees.*

Calfrac shall not permit any of its Canadian/U.S. Restricted Subsidiaries, directly or indirectly, to Incur any Indebtedness (without regard to "Indebtedness" as defined in clause (x) of the second paragraph of the definition of the term "Indebtedness") that, individually or in the aggregate with all other of its then outstanding Indebtedness (without regard to "Indebtedness" as defined in clause (x) of the second paragraph of the definition of the term "Indebtedness"), exceeds, at any time US$25,000,000, unless such Restricted Subsidiary is a Subsidiary Guarantor or simultaneously executes and delivers to the Trustee an Officers' Certificate, Opinion of Counsel and a supplemental indenture providing for the Guarantee of the payment of the Notes by such Restricted Subsidiary, which Subsidiary Guarantee will be *pari passu* in right of payment with all existing and any future unsecured and unsubordinated Indebtedness of such Subsidiary.

Section 4.17 *Payment of Additional Amounts.*

(a) All payments made under or with respect to the Notes or this Indenture, pursuant to the Parent Guarantee or pursuant to any Subsidiary Guarantee, shall be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) (collectively, "*Taxes*") imposed or levied by or on behalf of the government of Canada or any political subdivision thereof, or any agency or authority thereof with the power to levy tax (each a "*Taxing Authority*"), unless the obligor thereon is required to withhold or deduct Taxes under any law or by the interpretation, application or administration thereof.

(b) If any such obligor is so required to withhold or deduct any amount of or on account of Taxes imposed by a Taxing Authority, from any payment made under or with respect to the Notes or the Parent Guarantee or any Subsidiary Guarantee, as the case may be, such obligor shall pay to each Holder of Notes that are outstanding on the date of the required payment, such additional amounts ("*Additional Amounts*") as may be necessary so that the net amount received by such Holder (including the Additional Amounts) after such withholding or deduction (including withholdings and deductions on Additional Amounts) shall not be less than the amount such Holder would have received if such Taxes had not been withheld or deducted; *provided* that no Additional Amounts shall be payable with respect to a payment made to a Holder or beneficial owner of the Notes (an "*Excluded Holder*"):

(1) which is a resident of Canada for the purposes of the *Income Tax Act* (Canada) or any political subdivision thereof;

(2) which is subject to such Taxes by reason that it does not deal at arm's length (within the meaning of the *Income Tax Act* (Canada)) with the applicable obligor at the time of making such payment;

(3) for or on account of Canadian withholding Taxes imposed on a payment under or with respect to a note that is deemed under subsection 214(16) of the *Income Tax Act* (Canada) to be a dividend;

(4) which is subject to such Taxes by reason of its being or having been connected with a jurisdiction imposing such Tax (including where the Holder is the beneficial owner of, or person ultimately entitled to obtain an interest in, such Note, including a fiduciary, settler, beneficiary, member, partner, shareholder or other equity interest owner of, or possessor of power over, such Holder or beneficial owner, if such beneficial owner is an estate, trust partnership, limited liability company, corporation or other entity) otherwise than by the mere holding or ownership, or deemed holding or ownership of the Notes or the receipt of payments thereunder or under the Parent Guarantee or any Subsidiary Guarantee (as a matter of, for example, citizenship, nationality, residence, domicile, or existence of a business or permanent establishment, a dependent agent, a place of business or a place of management present or deemed present within the Taxing Authority);

(5) which failed to duly and timely comply with a timely request of Calfrac Holdings to provide information, documents or other evidence concerning such Holder's or beneficial owner's nationality, residence, entitlement to treaty benefits or identity, if and to the extent that (a) such Holder and/or beneficial owner was legally able to comply with such request and (b) due and timely compliance with such request is required by applicable law as a precondition to reduction or elimination of, and would have reduced or eliminated, any Taxes as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner but for this clause;

(6) which is a fiduciary or a partnership or not the sole beneficial owner of the relevant Note, if and to the extent that any beneficiary or settlor with respect to such fiduciary, any partner with respect to such partnership or any beneficial owner of such Note (as the case may be) would not have been entitled to receive Additional Amounts with respect to the payment in question had such beneficiary, settlor, partner or beneficial owner been the actual Holder of such Note;

(7) in respect of any estate, gift, inheritance, transfer or similar Tax;

(8) in respect of any Taxes that are imposed or withheld pursuant to Section 1471 through 1474 of the Code, as of the Issue Date (or any amended or successor version of such sections), any regulations promulgated thereunder, any official interpretations thereof, any similar law or regulation adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the Code; or

(9) any combination of the above clauses in this proviso.

(c) The applicable obligor on the Notes, the Parent Guarantee or any Subsidiary Guarantee, as the case may be, shall (i) make such withholding or deduction and (ii) remit the full amount deducted or withheld to the Taxing Authority in accordance with applicable law. The applicable obligor on the Notes, the Parent Guarantee or any Subsidiary Guarantee, as the case may be, shall furnish, upon the request of the Trustee, documentation satisfactory to the Trustee evidencing the payment of Taxes or Additional Amounts.

(d) In addition, the applicable obligor on the Notes, the Parent Guarantee or any Subsidiary Guarantee, as the case may be, shall indemnify and hold harmless each Holder or beneficial owner (without duplication) of Notes that are outstanding on the date of the required payment and upon written request (providing the amount of the relevant Tax paid and its computation in reasonable detail, together with proof of payment) reimburse each such Holder or beneficial owner for the amount of: (i) any Taxes so levied or imposed by a Taxing Authority, and paid by such Holder or beneficial owner (without duplication) as a result of payments made under or with respect to the Notes, the Parent Guarantee or any Subsidiary Guarantee, but excluding any such Taxes with respect to which such Holder or beneficial owner is an Excluded Holder, and (ii) any such Taxes imposed on such Holder or beneficial owner (other than any such Taxes with respect to which such Holder or beneficial owner is an Excluded Holder) with respect to any reimbursement under subclause (i) immediately above, in each case without duplication of any payment made by such obligor pursuant to the immediately preceding subclauses (i) and (ii) (collectively, "*Reimbursement Payments*").

(e) At least 30 days prior to each date on which any payment under or with respect to the Notes, the Parent Guarantee or any Subsidiary Guarantee is due and payable (unless such obligation to pay Additional Amounts arises after the 30th day prior to such date, in which case the applicable obligor shall notify the Trustee promptly thereafter), if the applicable obligor on the Notes, the Parent Guarantee or any Subsidiary Guarantee, as the case may be, shall be obligated to pay Additional Amounts with respect to such payment, such obligor shall deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts shall be payable and the amounts so payable and shall set forth such other information necessary to enable the Trustee to pay such Additional Amounts to Holders of Notes on the payment date. Each such Officers' Certificate shall be relied upon until receipt of a further Officers' Certificate addressing such matters.

(f) Whenever in this Indenture there is mentioned, in any context;

(i) the payment of principal (and premium, if any);

(ii) purchase prices in connection with a repurchase or a redemption of Notes;

(iii) interest; or

(iv) any other amount payable on or with respect to any of the Notes, this Indenture, the Parent Guarantee or any Subsidiary Guarantee,

such mention shall be deemed to include mention of the payment of Additional Amounts and Reimbursement Payments provided for in this Section 4.17 to the extent that, in such context, Additional Amounts or Reimbursement Payments are, were or would be payable in respect thereof.

(g) Calfrac Holdings shall pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies that are payable to any taxing authority in connection the execution, delivery, enforcement or registration of the Notes, this Indenture or any other document or instrument in relation thereto, or the receipt of any payments with respect to the Notes.

(h) The obligations described in this Section 4.17 shall survive any termination, defeasance or discharge of this Indenture and will apply mutatis mutandis to any successor Person to Calfrac

Holdings or any Guarantor and to any jurisdiction in which Calfrac Holdings or any Guarantor is organized or is otherwise resident or conducts business for tax purposes or any jurisdiction from or through which payment is made by Calfrac Holdings or any Guarantors or their respective agents.

Section 4.18 *Suspension of Covenants.*

Sections 4.07, 4.08, 4.09, 4.10, 4.11 and clause (3)(A) of Section 5.01(a) (collectively, the "*Suspended Provisions*") shall no longer be in effect if and beginning on the date (the "*Suspension Date*") the Notes have attained Investment Grade Status and no Default has occurred and is continuing under this Indenture.

If at any time subsequent to attaining such Investment Grade Status any Rating Agency withdraws its ratings or downgrades the ratings assigned to the Notes below Investment Grade Status so that the Notes do not have Investment Grade Status then Calfrac and its Restricted Subsidiaries shall thereafter again be subject to the Suspended Provisions, subject to the terms, conditions and obligations set forth in this Indenture (each such date of reinstatement being a "*Reinstatement Date*," and each period between a Suspension Date and the next occurring Reinstatement Date, a "*Suspension Period*"), unless and until a subsequent Suspension Date occurs. Notwithstanding that the Suspended Provisions may be reinstated, no Default shall be deemed to have occurred as a result of a failure to comply with the Suspended Provisions during any Suspension Period. On the Reinstatement Date, all Indebtedness incurred during the Suspension Period will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under Section 4.09(b)(3). Calculations made after the Reinstatement Date of the amount available to be made as Restricted Payments under Section 4.07 will be made as though Section 4.07 had been in effect since the Issue Date and prior to, but not during, the Suspension Period. Accordingly, Restricted Payments made during the Suspension Period will not reduce the amount available to be made as Restricted Payments under Section 4.07. On the Reinstatement Date, the amount of Excess Proceeds shall be reset at zero. Any Affiliate Transaction entered into after the Reinstatement Date pursuant to an agreement entered into during any Suspension Period will be deemed to have been outstanding on the Issue Date. Any encumbrance or restriction on the ability of any Restricted Subsidiary to take any action described in clauses (1) through (3) of Section 4.08(a) that becomes effective during the Suspension Period will be deemed to have existed on the Issue Date. No default or Event of Default will be deemed to have occurred on the Reinstatement Date as a result of any actions taken by Calfrac or its Restricted Subsidiaries under any of the Suspended Provisions during the Suspension Period.

The Trustee shall have no duty to monitor the ratings of the Notes, shall not be deemed to have any knowledge of the ratings of the Notes and shall have no duty to notify Holders if the Notes achieve Investment Grade Status or of the occurrence of a Reinstatement Date.

Article V

SUCCESSORS

Section 5.01 *Merger, Consolidation or Sale of Assets.*

(a) Calfrac shall not, directly or indirectly: (i) consolidate, amalgamate or merge with or into another Person (regardless of whether Calfrac is the surviving Person or one of the Persons that amalgamates with one or more other Persons to form the continuing successor Person) or (ii) sell, assign,

transfer, convey or otherwise dispose of all or substantially all of the properties and assets of Calfrac and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (A) Calfrac is the surviving Person (or one of the Persons that amalgamates with one or more other Persons to form the continuing successor Person); or (B) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than Calfrac or one of the Persons that amalgamates with one or more other Persons to form the continuing successor Person) or to which such sale, assignment, transfer, conveyance or other disposition will have been made (i) is a Person organized or existing under the laws of (x) the United States, any state thereof or the District of Columbia or (y) Canada or any province or territory thereof and (ii) assumes all the obligations of Calfrac under the Parent Guarantee or the Notes, as the case may be, and this Indenture pursuant to supplemental indentures or other applicable agreements or instruments;

(2) immediately after giving effect to such transaction, no Default or Event of Default exists;

(3) either (A) immediately after giving effect to such transaction on a pro forma basis, Calfrac or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than Calfrac or one of the Persons that amalgamates with one or more other Persons to form the continuing successor Person), or to which such sale, assignment, transfer, conveyance or other disposition will have been made shall be permitted to Incur at least $1.00 of additional Indebtedness pursuant to Section 4.09(a) or (B) immediately after giving effect to such transaction on a pro forma basis and any related financing transactions as if the same had occurred at the beginning of the applicable four quarter period, the Consolidated Fixed Charge Coverage Ratio of Calfrac or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than Calfrac or one of the Persons that amalgamates with one or more other Persons to form the continuing successor Person) is equal to or greater than the Consolidated Fixed Charge Coverage Ratio immediately before such transaction;

(4) each Subsidiary Guarantor, unless such Guarantor is the Person with which Calfrac has entered into a transaction under this Section 5.01, shall have by amendment to its Subsidiary Guarantee confirmed that its Subsidiary Guarantee shall apply to the obligations of Calfrac Holdings and Calfrac or the surviving or continuing Person in accordance with the Notes and this Indenture;

(5) Calfrac delivers to the Trustee an Officers' Certificate (attaching the arithmetic computation to demonstrate compliance with clause (3) of this Section 5.01) and Opinion of Counsel, in each case stating that such transaction and such agreement complies with this Section 5.01 and that all conditions precedent provided for herein relating to such transaction have been complied with; and

(6) the surviving Person takes such action (or agrees to take such action) as may be reasonably necessary to cause any property or assets that constitute Collateral owned by or transferred to the surviving Person to be subject to the Liens in the manner and to the extent required under the Note Documents and delivers an Opinion of Counsel as to the

enforceability of any amendments, supplements or other instruments with respect to the Note Documents to be executed, delivered, filed and recorded, as applicable.

(b) Until Calfrac or one of its Restricted Subsidiaries has expressly assumed all of Calfrac Holdings' obligations under and with respect to the Notes and this Indenture, in each case as expressly provided under this Section 5.01, (i) Calfrac Holdings shall not, directly or indirectly, (A) consolidate with or merge with or into, or sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties and assets of Calfrac Holdings and its Restricted Subsidiaries, taken as a whole, in one or more related transactions to, any Person other than Calfrac or any Restricted Subsidiary thereof or (B) adopt a plan relating to its liquidation or dissolution, and (ii) Calfrac shall not, and shall not permit any of its Subsidiaries, directly or indirectly, to sell, assign, transfer, convey or otherwise dispose of any Equity Interests in Calfrac Holdings to any Person other than Calfrac or any of its Restricted Subsidiaries.

(c) Notwithstanding Section 5.01(b), Calfrac Holdings may consolidate with or merge with or into, or sell, assign, transfer, convey or lease or otherwise dispose of all or substantially all of the properties and assets of Calfrac Holdings and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, directly or indirectly, to Calfrac or any Restricted Subsidiary thereof, if such Person expressly assumes, by supplemental indenture, executed and delivered to the Trustee, all the obligations of Calfrac Holdings under the Notes and this Indenture and delivers to the Trustee a related Officers' Certificate and Opinion of Counsel. Thereupon, Calfrac Holdings shall be fully released from its obligations under the Notes and Calfrac or such Restricted Subsidiary, as applicable, will succeed to the obligations of, and be substituted for, and may exercise every right and power of Calfrac Holdings under the Notes and this Indenture and, in the case of a transaction in which Calfrac is such successor, the Parent Guarantee shall be automatically released, without any further action.

(d) In addition, Calfrac and its Restricted Subsidiaries shall not, directly or indirectly, lease all or substantially all of the properties or assets of Calfrac and its Restricted Subsidiaries considered as one enterprise, in one or more related transactions, to any other Person.

(e) Section 5.01 shall not apply to (i) a merger of Calfrac with an Affiliate solely for the purpose of reincorporating or continuing Calfrac in another jurisdiction; or (ii) any consolidation, amalgamation or merger, or any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among Calfrac and its Restricted Subsidiaries that are Guarantors.

Section 5.02 *Successor Corporation Substituted.*

Upon any consolidation, amalgamation or merger, or any sale, assignment, transfer, conveyance or other disposition of all or substantially all of the properties or assets of Calfrac and its Restricted Subsidiaries in accordance with Section 5.01, the continuing successor Person formed by the consolidation or amalgamation or into which Calfrac is merged or to which the sale, assignment, transfer, conveyance or other disposition is made, shall succeed to and be substituted for Calfrac, and may exercise every right and power of Calfrac under this Indenture with the same effect as if the successor had been named as Calfrac herein. When the continuing successor Person assumes all of Calfrac's obligations under this Indenture pursuant to a supplemental indenture in form and substance satisfactory to the Trustee and delivers to the Trustee the related Officers' Certificate and Opinion of Counsel, Calfrac shall be discharged from those obligations; *provided, however*, that Calfrac shall not be relieved from the

obligation to pay the principal of and interest on the Notes in the case of a lease of all or substantially all of Calfrac's assets.

Article VI

DEFAULTS AND REMEDIES

Section 6.01 *Events of Default.*

(a) Each of the following is an "*Event of Default*:"

(1) default for 30 days in the payment when due of interest on the Notes;

(2) default in payment when due of the principal of, or premium, if any, on the Notes;

(3) failure by Calfrac Holdings or Calfrac to comply with its obligations under Article V or to consummate a purchase of Notes when required pursuant to Section 4.10 or Section 4.13;

(4) failure by Calfrac or any of its Restricted Subsidiaries for 30 days to comply with the provisions of Section 4.10 or Section 4.13 to the extent not described above in clause (3) of this Section 6.01(a).

(5) failure by Calfrac or any of its Restricted Subsidiaries for 60 days (or 90 days in the case of a Reporting Failure) after written notice by the Trustee or Holders representing 25.0% or more of the aggregate principal amount of Notes outstanding to comply with any of the other agreements in this Indenture or the other Note Documents;

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by Calfrac or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by Calfrac or any of its Restricted Subsidiaries) whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:

(i) is caused by a failure to make any payment on such Indebtedness when due and prior to the expiration of the grace period, if any, provided in such Indebtedness (a "*Payment Default*"); or

(ii) results in the acceleration of such Indebtedness prior to its stated maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates US$35,000,000 or more;

(7) failure by Calfrac or any of its Restricted Subsidiaries to pay final non-appealable judgments (to the extent such judgments are not paid or covered by in-force insurance provided by a reputable carrier that has the ability to perform and has acknowledged

coverage in writing) aggregating in excess of US$35,000,000, which judgments are not paid, discharged or stayed for a period of 60 days;

(8) except as permitted by this Indenture, the Parent Guarantee or any Subsidiary Guarantee, as the case may be, shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under the Parent Guarantee or its Subsidiary Guarantee, as the case may be;

(9) Calfrac Holdings, Calfrac or any Restricted Subsidiary that is a Significant Subsidiary of Calfrac (or any Restricted Subsidiaries of Calfrac that together would constitute a Significant Subsidiary of Calfrac) pursuant to or within the meaning of Bankruptcy Law:

(i) commences a voluntary case,

(ii) consents to the entry of an order for relief against it in an involuntary case,

(iii) makes a general assignment for the benefit of its creditors, or

(iv) generally is not paying its debts as they become due;

(10) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against Calfrac Holdings, Calfrac or any Restricted Subsidiary that is a Significant Subsidiary of Calfrac (or Restricted Subsidiaries of Calfrac that together would constitute a Significant Subsidiary of Calfrac), in an involuntary case; or

(ii) appoints a custodian, receiver, receiver and manager, trustee, liquidator or other Person with like powers of Calfrac Holdings, Calfrac or any Restricted Subsidiary that is a Significant Subsidiary of Calfrac (or Restricted Subsidiaries of Calfrac that together would constitute a Significant Subsidiary of Calfrac) or for all or substantially all of the property of Calfrac Holdings, Calfrac or any Restricted Subsidiary that is a Significant Subsidiary of Calfrac (or Restricted Subsidiaries of Calfrac that together would constitute a Significant Subsidiary of Calfrac); or

(iii) orders the liquidation of Calfrac Holdings, Calfrac or any Restricted Subsidiary that is a Significant Subsidiary of Calfrac (or Restricted Subsidiaries of Calfrac that together would constitute a Significant Subsidiary of Calfrac);

and the order of decree remains unstayed and in effect for 60 consecutive days; and

(11) the occurrence of any of the following:

(i) except as permitted by the Security Instruments or this Indenture, any Security Instrument ceases for any reason to be enforceable; provided that (x) it will not

be an Event of Default under this clause (11)(i) if the sole result of the failure of one or more Security Instruments to be fully enforceable is that any Lien purported to be granted under such Security Instruments on Collateral, individually or in the aggregate, having a Fair Market Value of not more than US$35,000,000, ceases to be an enforceable and perfected Lien, and (y) if such failure is susceptible to cure, no Event of Default shall arise with respect thereto until 60 days after any officer of Calfrac, Calfrac Holdings or any Restricted Subsidiary becomes aware of such failure, which failure has not been cured during such time period; *provided*, in the case of any such Event of Default that can be cured by a filing or recordation, that Calfrac shall be deemed to have cured such Event of Default within such 60-day period, even if it has not received an acknowledgment, file-stamped or other similar confirmation of such filing or recordation; or

(ii) except as permitted by the Security Instruments, any Lien purported to be granted under any Security Instrument on Collateral, individually or in the aggregate, having a Fair Market Value in excess of US$35,000,000, ceases to be an enforceable and perfected second priority Lien, subject to the Intercreditor Agreement and Permitted Liens; provided that if such failure is susceptible to cure, no Event of Default shall arise with respect thereto until 60 days after any officer of Calfrac or any Restricted Subsidiary becomes aware of such failure, which failure has not been cured during such time period; *provided*, in the case of any such Event of Default that can be cured by a filing or recordation, that Calfrac shall be deemed to have cured such Event of Default within such 30-day period, even if it has not received an acknowledgment, file-stamped or other similar confirmation of such filing or recordation.

Section 6.02 *Acceleration.*

To the extent permitted by applicable law, in the case of an Event of Default specified in clause (9) or (10) of Section 6.01(a), with respect to Calfrac Holdings, Calfrac, any Restricted Subsidiary that is a Significant Subsidiary or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25.0% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately by notice in writing to Calfrac Holdings (with a copy to the Trustee if such notice is given by the Holders of the Notes) specifying the Event of Default.

Upon any such declaration, the Notes shall become due and payable immediately.

The Holders of a majority in aggregate principal amount of the Notes then outstanding by written notice to the Trustee may, on behalf of the Holders of all of the Notes, rescind an acceleration and its consequences under this Indenture.

Calfrac Holdings shall, so long as any of the Notes are outstanding, deliver to the Trustee, within five Business Days after any Officer becomes aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action Calfrac Holdings is taking or proposes to take with respect thereto.

Section 6.03 *Other Remedies.*

(a) If an Event of Default occurs and is continuing, the Trustee may, in its sole discretion, pursue any available remedy to collect the payment of principal, premium, if any, and interest with respect to the Notes or to enforce the performance of any provision of the Notes or this Indenture or any other Note Document.

(b) The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 *Waiver of Past Defaults.*

Holders of a majority in aggregate principal amount of the Notes then outstanding by written notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under this Indenture except a continuing Default or Event of Default in the payment of interest or premium on, or the principal of, the Notes; *provided, however*, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture and the other Note Documents; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon

Section 6.05 *Control by Majority.*

The Holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or any other Note Document, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders of Notes not joining in the giving of such direction (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders) and may take any other action it deems proper that is not inconsistent with any such direction received from Holders of Notes.

Section 6.06 *Limitation on Suits.*

(a) A Holder may not pursue any remedy with respect to this Indenture or any other Note Document unless:

(1) the Holder gives the Trustee written notice of a continuing Event of Default;

(2) the Holder or Holders of at least 25.0% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer the Trustee indemnity or security satisfactory to the Trustee against any costs, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity or security; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

(b) A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to Holders).

Section 6.07 *Rights of Holders of Notes to Receive Payment.*

The limitations in Section 6.06 shall not apply to the right of any Holder of a Note to receive payment of the principal of, premium or interest on, such Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Section 6.08 *Collection Suit by Trustee.*

If an Event of Default specified in Section 6.01(a)(1) or (a)(2) occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against Calfrac Holdings for the whole amount of principal of, premium, if any, and interest remaining unpaid on the Notes and interest on overdue principal and premium, if any, and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09 *Trustee May File Proofs of Claim.*

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to Calfrac Holdings or any Guarantor (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other securities or property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee under Section 7.07 out of the estate in any such proceeding shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of any and all distributions,

dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 *Priorities.*

(a) If the Trustee collects any money or property pursuant to this Article VI, it shall pay out the money or property in the following order:

FIRST: to the Trustee, the Collateral Agent and their respective agents and attorneys for amounts due under Section 7.07, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee and the Collateral Agent and the costs and expenses of collection;

SECOND: to Holders of Notes for amounts due and unpaid on the Notes for principal, premium, if any, and interest ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, respectively; and

THIRD: to Calfrac Holdings or to such party as a court of competent jurisdiction shall direct.

(b) The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

Section 6.11 *Undertaking for Costs.*

In any suit for the enforcement of any right or remedy under this Indenture or any other Note Document or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10.0% in aggregate principal amount of the then outstanding Notes.

Article VII

TRUSTEE

Section 7.01 *Duties of Trustee.*

(a) The Trustee, prior to the occurrence of an Event of Default with respect to the Notes and after the curing or waiving of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and the other Note Documents. If

an Event of Default has occurred and is continuing, the Trustee shall be required, in the exercise of its power vested in it by this Indenture and the other Note Documents, to use the degree of care of a prudent person in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the other Note Documents and the Trustee need perform only those duties that are specifically set forth in this Indenture or the other Note Documents and no others, and no implied covenants or obligations shall be read into this Indenture or the other Note Documents against the Trustee (it being agreed that the permissive right of the Trustee to do things enumerated in this Indenture or the other Note Documents shall not be construed as a duty); and

(2) the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture or the other Note Documents, as applicable. The Trustee shall be under no duty to make any investigation as to any statement contained in any such instance, but may accept the same as conclusive evidence of the truth and accuracy of such statement or the correctness of such opinions. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture or the other Note Documents, as applicable (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of clause (b) of this Section 7.01;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to the Indenture or the other Note Documents.

(d) Whether or not therein expressly so provided, every provision of this Indenture and the other Note Documents that in any way relates to the Trustee is subject to clauses (a), (b) and (c) of this Section 7.01.

(e) No provision of this Indenture or the other Note Documents shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense that might be incurred by it in connection with the request or direction.

(f) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law. The Trustee shall have no obligation to invest funds received by it pursuant to this Indenture.

Section 7.02 *Certain Rights of Trustee.*

(a) The Trustee may conclusively rely upon and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in conclusive reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any attorney or agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture or the other Note Documents.

(e) Unless otherwise specifically provided in this Indenture or the other Note Documents, any demand, request, direction or notice from Calfrac Holdings shall be sufficient if signed by an Officer of Calfrac Holdings.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture or the other Note Documents at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee security or indemnity satisfactory to it against any loss, liability or expense.

(g) The Trustee shall not be deemed to have notice of any Default or Event of Default (except any Event of Default under clause (1) or (2) of Section 6.01(a)) unless written notice of any event which is in fact such a Default or Event of Default is received by a Responsible Officer of the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and this Indenture or the Responsible Officer of the Trustee has actual knowledge thereof.

(h) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder or under the other Note Documents, and each agent, custodian and other Person employed to act hereunder or under the other Note Documents, including the Collateral Agent.

(j) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder or under the other Note Documents.

(k) The Trustee may request that Calfrac Holdings deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture and the other Note Documents.

(l) The Trustee shall not be responsible or liable for any action taken or omitted by it in good faith at the direction of the Holders of not less than a majority in aggregate principal amount of the Notes as to the time, method and place of conducting any proceedings for any remedy available to the Trustee or the exercising of any power conferred by this Indenture.

(m) The Trustee shall have no obligation to give, execute, deliver, file, record, authorize or obtain any financing statements, notices, instruments, documents, agreements, consents or other papers as shall be necessary to (i) create, preserve, perfect or validate the security interest granted pursuant to this Indenture and the other Note Documents or (ii) enable the Trustee to exercise and enforce its rights under the Indenture and the other Note Documents with respect to such pledge and security interest. In addition, the Trustee shall have no responsibility or liability (i) in connection with the acts or omissions of the Issuer in respect of the foregoing or (ii) for or with respect to the legality, validity and enforceability of any security interest created in the Collateral or the perfection and priority of such security interest.

Section 7.03 *Individual Rights of Trustee.*

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may become a creditor of, or otherwise deal with, Calfrac or any of its Affiliates with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest as described in the Trust Indenture Act, it must eliminate such conflict within 90 days, with Calfrac or its Affiliates. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11.

Section 7.04 *Trustee's Disclaimer.*

The Trustee shall not be responsible for and makes no representations as to the validity or adequacy of this Indenture or the Notes or the other Note Documents, it shall not be accountable for Calfrac Holdings' use of the proceeds from the Notes or any money paid to Calfrac Holdings or upon Calfrac Holdings' direction under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture or the other Note Documents other than its certificate of authentication. In accepting the trust hereby created, the Trustee acts solely as Trustee under this Indenture and not in its individual capacity and all persons, including without limitation the

Holders of the Notes and Calfrac having any claim against the Trustee arising from this Indenture shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein.

Section 7.05 *Notice of Defaults.*

If a Default or Event of Default occurs and is continuing and if it is actually known to a Responsible Officer of the Trustee, the Trustee shall mail to Holders of Notes a notice of the Default or Event of Default within 90 days after the Trustee obtains actual knowledge thereof. Except in the case of a Default or Event of Default relating to the payment of principal, premium or interest on any Note, the Trustee may withhold the notice if and so long as the Trustee in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

Section 7.06 *[Reserved]*.

Section 7.07 *Compensation and Indemnity.*

(a) Calfrac Holdings shall pay to the Trustee from time to time compensation for its acceptance of this Indenture and the other Note Documents and services provided hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. Calfrac Holdings shall reimburse the Trustee promptly upon request for all disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel and any taxes and other expenses incurred by a trust created pursuant to Section 8.04.

(b) Calfrac Holdings and the Guarantors jointly and severally shall indemnify the Trustee and its agents, officers and employees and hold each of them harmless against any and all losses, damages, claims, costs, fees, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture and the other Note Documents, including the costs and expenses of enforcing this Indenture and the other Note Documents against Calfrac Holdings and the Guarantors (including this Section 7.07) and defending itself against any claim (whether asserted by either of Calfrac Holdings or any Guarantor or any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder or under the other Note Documents (including without limitation settlement costs), except to the extent any such loss, liability or expense may be attributable to its negligence, or willful misconduct as finally adjudicated by a court of competent jurisdiction. The Trustee shall notify Calfrac Holdings and the Guarantors promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify Calfrac Holdings shall not relieve Calfrac Holdings of its obligations hereunder or under the other Note Documents unless the failure to notify Calfrac Holdings impairs Calfrac Holdings' ability to defend such claim. Calfrac Holdings shall defend the claim and the Trustee shall cooperate in the defense. Calfrac Holdings need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld, conditioned or delayed.

(c) The obligations of Calfrac Holdings and the Guarantors under this Section 7.07 shall survive the satisfaction and discharge of this Indenture and resignation or removal of the Trustee.

(d) To secure Calfrac Holdings' and the Guarantors' payment obligations in this Section 7.07, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that such Lien shall not apply to money and property held in trust to pay principal of, premium on, if any, and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of this Indenture, rejection or termination under any Bankruptcy Law, and resignation or removal of the Trustee.

(e) When the Trustee incurs expenses or renders services after an Event of Default specified in clause (9) or (10) of Section 6.01(a) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.08 *Replacement of Trustee.*

(a) A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

(b) The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying Calfrac Holdings. The Holders of a majority in aggregate principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and Calfrac Holdings in writing not less than 30 days prior to the effective date of such removal. Calfrac Holdings may remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10;

(2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(3) a custodian or public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of the Trustee for any reason, Calfrac Holdings shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in aggregate principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by Calfrac Holdings.

(d) If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, Calfrac Holdings, or the Holders of at least 10.0% in aggregate principal amount of the then outstanding Notes may petition at the expense of Calfrac Holdings any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.10, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to Calfrac Holdings. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture and the other Note Documents. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, *provided* that all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, Calfrac Holdings' obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

Section 7.09 *Successor Trustee by Merger, Etc.*

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another Person, the successor Person without any further act shall be the successor Trustee.

Section 7.10 *Eligibility; Disqualification.*

There shall at all times be a Trustee hereunder that is a corporation or banking association organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trust powers, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least US$50,000,000 as set forth in its most recent published annual report.

Article VIII

DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01 *Option to Effect Legal Defeasance or Covenant Defeasance.*

Calfrac Holdings may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, elect to have either Section 8.02 or Section 8.03 be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article VIII.

Section 8.02 *Legal Defeasance and Discharge.*

Upon Calfrac Holdings' exercise under Section 8.01 hereof of the option applicable to this Section 8.02, Calfrac Holdings shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from all of the Notes Obligations and all of the Notes Obligations of the Guarantors shall be deemed to have been discharged, on the date the conditions set forth below are satisfied (hereinafter, "*Legal Defeasance*"). For this purpose, Legal Defeasance means that Calfrac Holdings and the Guarantors shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes Obligations, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 and the other Sections of this Indenture referred to in clauses (a) and (b) of this Section 8.02, and to have satisfied all its other Notes Obligations (and the

Trustee, on demand of and at the expense of Calfrac Holdings, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium, if any, on such Notes when such payments are due from the trust referred to in Section 8.04, (b) Calfrac Holdings' obligations pursuant to Sections 2.04, 2.05, 2.07, 2.08, 2.11 and 4.02, (c) the rights, powers, trusts, duties, indemnities and immunities of the Trustee hereunder and Calfrac Holdings' and the Guarantors' obligations in connection therewith and (d) the provisions of this Article VIII related to Legal Defeasance. Subject to compliance with this Article VIII, Calfrac Holdings may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

Section 8.03 *Covenant Defeasance.*

Upon Calfrac Holdings' exercise under Section 8.01 hereof of the option applicable to this Section 8.03, Calfrac Holdings and the Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from their obligations under the covenants contained in Sections 4.03, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16 and 5.01(a)(3) with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 are satisfied (hereinafter, "*Covenant Defeasance*"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes Obligations, Calfrac Holdings and the Guarantors may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall riot constitute a Default or an Event of Default under Section 6.01, but, except as specified above, the remainder of this Indenture, the other Note Documents and such Notes shall be unaffected thereby. In addition, upon Calfrac Holdings' exercise under Section 8.01 of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8:04, clauses (3) (with respect to clause (3), other than Section 5.01 except for the limitations imposed by Section 5.01(a)(3)(A)) through (8) of Section 6.01(a) shall not constitute Events of Default, and clauses (9) and (10) of Section 6.01(a) shall not constitute an Event of Default solely with respect to the Subsidiaries of Calfrac that are not, or are not required to be, Subsidiary Guarantors.

Section 8.04 *Conditions to Legal or Covenant Defeasance.*

(a) The following shall be the conditions to the application of either Section 8.02 or Section 8.03 to the outstanding Notes:

(1) Calfrac Holdings must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest and premium, if any, on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and Calfrac

Holdings must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, Calfrac Holdings shall have delivered to the Trustee an Opinion of Counsel in the United States confirming that (a) Calfrac has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, Calfrac Holdings shall have delivered to the Trustee an Opinion of Counsel in the United States confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) Calfrac Holdings must have delivered to the Trustee an Opinion of Counsel in Canada to the effect that Holders will not recognize income, gain or loss for Canadian federal or provincial income tax or other tax purposes as a result of such deposit, defeasance and discharge, and will be subject to Canadian federal or provincial income tax and other tax on the same amounts, and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred (which condition may not be waived by any Holder or the Trustee);

(5) no Default or Event of Default shall have occurred and be continuing (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) either: (a) on the date of such deposit; or (b) insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 123rd day after the date of deposit;

(6) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which Calfrac or any of its Subsidiaries is a party or by which Calfrac or any of its Subsidiaries is bound;

(7) Calfrac Holdings must have delivered to the Trustee an Opinion of Counsel in the United States to the effect that; (a) assuming (1) no intervening bankruptcy of Calfrac Holdings, Calfrac or any Subsidiary Guarantor between the date of deposit and the 123rd day following the deposit and assuming that no Holder or the Trustee is an "insider" of Calfrac under the U.S. Bankruptcy Code and the New York Debtor and Creditor Law or a "related person" as defined in the BIA and the deposit is not otherwise deemed to be to or for the benefit of such an "insider" or "related person" and (2) no Holder or the Trustee is an "initial transferee" or "immediate transferee" of a "transfer" within the meaning of

Section 550 of the U.S. Bankruptcy Code, after the 123rd day following the deposit, the trust funds will not be subject to avoidance pursuant to Section 547 of the U.S. Bankruptcy Code and Section 15 of the New York Debtor and Creditor Law, Section 95 or 96 of the BIA, Section 36.1 of the CCAA or applicable provincial fraudulent conveyance or preference legislation (including without limitation the Statute of Elizabeth (Alberta)) and (b) the creation of the defeasance trust does not violate the Investment Company Act of 1940;

(8) Calfrac Holdings must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by Calfrac Holdings with the intent preferring the Holders of Notes over the other creditors of Calfrac Holdings with the intent of defeating, hindering, delaying or defrauding creditors of Calfrac Holdings or others;

(9) if the Notes are to be redeemed prior to their Stated Maturity, Calfrac Holdings must deliver to the Trustee irrevocable instructions to redeem all of the Notes on the specified redemption date;

(10) Calfrac Holdings must deliver to the Trustee an Officers' Certificate, stating that all conditions precedent set forth in clauses (1) through (9) of this Section 8.04(a) have been complied with; and

(11) Calfrac Holdings must deliver to the Trustee an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions, qualifications and exclusions), stating that all conditions precedent set forth in clause (2) or (3), as applicable, of this Section 8.04(a) have been complied with.

Section 8.05 *Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions.*

(a) Subject to Section 8.06, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee pursuant to Section 8.04 in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including Calfrac Holdings acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium and interest, but such money need not be segregated from other funds except to the extent required by law.

(b) Calfrac Holdings shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 8.04 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

(c) Anything in this Article VIII to the contrary notwithstanding, the Trustee shall deliver or pay to Calfrac Holdings from time to time upon the request of Calfrac Holdings any money or non-callable Government Securities held by it as provided in Section 8.04 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(a)), are in excess of the amount

COURT FILE NUMBER	2001 - 08434
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY

MATTER	IN THE MATTER OF SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, C. C-44, AS AMENDED AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF 12178711 CANADA INC., CALFRAC WELL SERVICES LTD., CALFRAC (CANADA) INC., CALFRAC WELL SERVICES CORP. and CALFRAC HOLDINGS LP, by its General Partner CALFRAC (CANADA) INC.
APPLICANTS	12178711 CANADA INC., CALFRAC WELL SERVICES LTD., CALFRAC (CANADA) INC., CALFRAC WELL SERVICES CORP. and CALFRAC HOLDINGS LP, by its General Partner CALFRAC (CANADA) INC.
RESPONDENT	Not Applicable
DOCUMENT	**AFFIDAVIT OF RONALD P. MATHISON** VOLUME 2 of 2

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Solicitor: Chris Simard / Kevin Zych / Michael Shakra
Telephone: 403-298-4485 / 416-777-5738 / 416-777-6236
Facsimile: 403-260-7024 / 416-862-6666 / 416-862-6666
Email: simardc@bennettjones.com/ zychk@bennettjones.com / shakram@bennettjones.com

File Number: 044609-00111

thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06 *Repayment to Calfrac Holdings.*

Any money deposited with the Trustee or any Paying Agent, or then held by Calfrac Holdings, in trust for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal, and premium, if any, and interest become due and payable shall subject to applicable abandoned property law be paid to Calfrac Holdings on its request or (if then held by Calfrac Holdings) shall be discharged from such trust; and the Holder of such Note shall thereafter look only to Calfrac Holdings for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of Calfrac Holdings as trustee thereof, shall thereupon cease.

Section 8.07 *Reinstatement.*

If the Trustee or Paying Agent is unable to apply any U.S. dollars or non-callable Government Securities in accordance with Section 8.02 or Section 8.03, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then Calfrac Holdings' obligations under this Indenture, the other Note Documents and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or Section 8.03 and the Guarantors' obligations under the Parent Guarantee and the respective Subsidiary Guarantees, as the case may be, shall be revised and reinstated as though no deposit had occurred pursuant to Section 8.02, in each case until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or Section 8.03, as the case may be; *provided, however*, that, if Calfrac Holdings makes any payment of principal of, premium or interest on any Note following the reinstatement of its obligations, Calfrac Holdings shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

Article IX

AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01 *Without Consent of Holders of Notes.*

(a) Notwithstanding Section 9.02, without the consent of any Holder of Notes, Calfrac Holdings, Calfrac, the Guarantors, the Trustee and the Collateral Agent may amend or supplement this Indenture or the other Note Documents:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes (provided, that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code);

(3) to provide for the assumption of the Calfrac Holdings', Calfrac's or any Guarantor's obligations to Holders of Notes in the case of a merger, amalgamation or consolidation or sale of all or substantially all of Calfrac Holdings', Calfrac's or such Guarantor's assets;

(4) to make any change that would provide any additional rights or benefits to the Holders of Notes or that does not materially adversely affect the legal rights under this Indenture of any such Holder;

(5) to comply with requirements of the SEC connection with the qualification of this Indenture under the Trust Indenture Act (it being understood and agreed that this Indenture will not on the Issue Date, and need not thereafter, qualify under the Trust Indenture Act);

(6) to add any Subsidiary Guarantee or to effect the release of a Subsidiary Guarantor from its Subsidiary Guarantee and the termination of such Subsidiary Guarantee, all in accordance with the provisions of this Indenture governing such release and termination or to otherwise comply with Section 4.16 or Section 10.04;

(7) to effect a release of the Parent Guarantee in accordance with the provisions of Section 8.02 or Section 8.03, as the case may be;

(8) to evidence and provide for the acceptance of appointment by a successor Trustee;

(9) to conform the text of this Indenture or the Notes to any provision of the "Description of Notes" in the Offering Memorandum, to the extent that such provision in the "Description of Notes" in the Offering Memorandum was intended to be a verbatim recitation of a provision of this Indenture, the Parent Guarantee, the Subsidiary Guarantees or the Notes;

(10) to make, complete or confirm any grant of Collateral permitted or required by any of the Note Documents;

(11) to release, discharge, terminate or subordinate Liens on Collateral in accordance with the Note Documents and to confirm and evidence any such release, discharge, termination or subordination; or

(12) to provide for the issuance of Additional Notes in accordance with this Indenture.

(b) Upon the request of Calfrac Holdings accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of the documents described under Section 7.02(b) hereof, the Trustee shall join with Calfrac Holdings in the execution of any amended or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into such amended or supplemental indenture that affects its own rights, duties, privileges, protection, indemnities or immunities under this Indenture or otherwise.

Section 9.02 *With Consent of Holders of Notes.*

(a) Except as otherwise provided in this Section 9.02, Calfrac Holdings, Calfrac, the Guarantors, the Trustee and the Collateral Agent may amend or supplement this Indenture or the other Note Documents with the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and, subject to Section 6.04 and Section 6.07, any existing Default or Event of Default or compliance with any provision of this Indenture or the other Note Documents may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including Additional Notes, if any) (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

(b) Calfrac Holdings may, but shall not be obligated to, fix a record date for the purpose of determining the Persons entitled to consent to any indenture supplemental hereto. If a record date is fixed, the Holders on such record date, or its duly designated proxies, and only such Persons, shall be entitled to consent to such supplemental indenture, whether or not such Holders remain Holders after such record date.

(c) Upon the request of Calfrac Holdings accompanied by a Board Resolution authorizing the execution of any such amendment or supplement to this Indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02(b), the Trustee shall join with Calfrac Holdings in the execution of such amendment or supplement unless such amendment or supplement directly affects the Trustee's own rights, duties, privileges, protection, indemnities or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amendment or supplement.

(d) It shall not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

(e) After an amendment, supplement or waiver under this Section becomes effective, Calfrac Holdings shall mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of Calfrac Holdings to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment, supplement or waiver. Subject to Section 6.04 and Section 6.07, the Holders of a majority in aggregate principal amount of the then outstanding Notes (including Additional Notes, if any) may waive compliance in a particular instance by Calfrac Holdings with any provision of this Indenture, or the other Note Documents. However, without the consent of each Holder affected, an amendment or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions, or waive any payment with respect to the redemption of the Notes (other than with respect to any required notice periods); *provided, however*, that solely for the avoidance of doubt, and without any other implication, any purchase or repurchase of Notes, including

pursuant to Section 4.10 and Section 4.13, shall not be deemed a redemption of the Notes;

(3) reduce the rate of or change the time for payment of interest on any Note;

(4) waive a Default or Event of Default in the payment of principal of, or interest or premium, if any, on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

(5) make any Note payable in money other than U.S. dollars;

(6) make any change in the provisions of this Indenture or the other Note Documents relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, or interest or premium, if any, on the Notes;

(7) reduce the principal amount of notes whose Holders must consent to the release of Liens as required by the below;

(8) release any Guarantor from any of its obligations under the Parent Guarantee or its Subsidiary Guarantee, as the case may be, or this Indenture, except in accordance with the terms of this Indenture or the other Note Documents;

(9) impair the right to institute suit for the enforcement of any payment on or with respect to the Notes Obligations;

(10) amend, change or modify the obligation of Calfrac Holdings to make and consummate an Asset Sale Offer with respect to any Asset Sale in accordance with Section 4.10 after the obligation to make such Asset Sale Offer has arisen, or the obligation of Calfrac Holdings to make and consummate a Change of Control Offer in the event of a Change of Control in accordance with Section 4.13 after such Change of Control has occurred, including; in each case, amending, changing or modifying any definition relating thereto;

(11) amend or modify any of the provisions of this Indenture or the other Note Documents or the related definitions affecting the ranking of the Notes, the Parent Guarantee or any Subsidiary Guarantee in any manner adverse to the Holders of the Notes, the Parent Guarantee or any Subsidiary Guarantee; or

(12) make any change in the preceding amendment and waiver provisions.

In addition, the consent of Holders of at least 66.67% in aggregate principal amount of the outstanding Notes will be required to release the Liens for the benefit of the Holders on all or substantially all of the Collateral, other than in accordance with this Indenture and the Security Instruments.

Section 9.03 *[Reserved]*.

Section 9.04 *Revocation and Effect of Consents.*

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

Section 9.05 *Notation on or Exchange of Notes.*

(a) The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. Calfrac Holdings in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

(b) Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

Section 9.06 *Trustee to Sign Amendments, Etc.*

The Trustee shall sign any amendment or supplement to this Indenture or any Note authorized pursuant to this Article IX if the amendment or supplement does not adversely affect the rights, duties, privileges, protection, indemnities or immunities of the Trustee. Calfrac Holdings may not sign an amendment or supplemental indenture or Note until its Board of Directors approves it. In executing any amendment or supplement or Note, the Trustee shall receive and (subject to Section 7.01) shall be fully protected in conclusively relying upon (i) an Officers' Certificate and an Opinion of Counsel stating that the execution of such amendment or supplement is authorized or permitted by this Indenture, and that such amendment or supplement is the legal, valid and binding obligation of Calfrac Holdings, enforceable against it in accordance with its terms (ii) a copy of the resolution of the Board of Directors, certified by the Secretary or Assistant Secretary, authorizing the execution of such amendment, supplement or waiver and (iii) if such amendment, supplement or waiver is executed pursuant to Section 9.02, evidence satisfactory to the Trustee of the consent of the Holders required to consent thereto.

Article X

PARENT GUARANTEE AND SUBSIDIARY GUARANTEES

Section 10.01 *Guarantee.*

(a) Subject to this Article X, each of the Guarantors hereby, jointly and severally, and fully and unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of, this Indenture, the Notes, the other Note Documents or the Notes Obligations of Calfrac Holdings hereunder or thereunder, that: (i) the principal of, premium, if any, and interest on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on, the overdue principal of, premium, if any, and interest on the Notes, if lawful (subject in all cases to any applicable grace period provided herein), and all other payment obligations of Calfrac Holdings to the Holders or the

Trustee hereunder or thereunder will be promptly paid in full, all in accordance with the terms hereof and thereof; and (ii) in case of any extension of time of payment or renewal of any Notes or any of such other Notes Obligations, the same will be promptly paid in full when due in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed for whatever reason, the Guarantors shall be jointly and severally obligated to pay the same immediately. Each Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

(b) The Guarantors hereby agree that, to the maximum extent permitted under applicable law, their obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes, this Indenture or the other Note Documents, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against Calfrac Holdings, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Subject to Section 6.06, to the maximum extent permitted under applicable law, each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of Calfrac Holdings, any right to require a proceeding first against Calfrac Holdings, protest, notice and all demands whatsoever and covenants that this Parent Guarantee and this Subsidiary Guarantee, as the case may be, shall not be discharged except by complete performance of the Notes Obligations.

(c) If any Holder or the Trustee is required by any court or otherwise to return to Calfrac Holdings, the Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to any of Calfrac Holdings or the Guarantors, any amount paid by any of them to the Trustee or such Holder, this Parent Guarantee and this Subsidiary Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

(d) Each Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all Notes Obligations guaranteed hereby. Each Guarantor further agrees that, to the maximum extent permitted by applicable law, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Notes Obligations guaranteed hereby may be accelerated as provided in Article VI for the purposes of this Parent Guarantee and this Subsidiary Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Notes Obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such Notes Obligations as provided in Article VI hereof, such Notes Obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Parent Guarantee and this Subsidiary Guarantee. The Guarantors shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Parent Guarantee and the Subsidiary Guarantee.

Section 10.02 *Limitation on Guarantor Liability.*

Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Parent Guarantee and the Subsidiary Guarantee, as the case may be, of such Guarantor not constitute (i) a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal,

state or provincial law to the extent applicable to its Parent Guarantee or its Subsidiary Guarantee, as the case may be, or (ii) an unlawful distribution under any applicable state law prohibiting shareholder distributions by an insolvent subsidiary to the extent applicable to its Parent Guarantee or its Subsidiary Guarantee, as the case may be. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the Notes Obligations of such Guarantor will be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the Notes Obligations of such other Guarantor under this Article X, result in the obligations of such Guarantor under its Parent Guarantee or its Subsidiary Guarantee, as the case may be, not constituting a fraudulent transfer or conveyance or such an unlawful shareholder distribution.

Section 10.03 *Subsidiary Guarantors May Consolidate, Etc., on Certain Terms.*

(a) A Subsidiary Guarantor may not sell, assign, transfer, convey or otherwise dispose of all or substantially all of its assets, in one or more related transactions, to, or consolidate or amalgamate with or merge with or into (regardless of whether such Guarantor is the surviving Person), another Person, other than Calfrac or another Subsidiary Guarantor, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

(a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Guarantor) is organized or existing under the laws of (x) the United States, any state thereof or the District of Columbia, (y) Canada or any province or territory thereof or (z) the jurisdiction of organization of the Subsidiary Guarantor and assumes all the Notes Obligations of that Guarantor under this Indenture and its Subsidiary Guarantee pursuant to a supplemental indenture satisfactory to the Trustee; or

(b) such sale or other disposition or consolidation, amalgamation or merger complies with Section 4.10.

(b) In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Subsidiary Guarantee and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by a Guarantor, such successor Person shall succeed to and be substituted for a Guarantor with the same effect as if it had been named herein as a Guarantor.

(c) Except as set forth in Article V, and notwithstanding clauses (1) and (2) of Section 10.03(a), nothing contained in this Indenture or in any of the Notes shall prevent any consolidation or merger of a Subsidiary Guarantor with or into Calfrac Holdings, Calfrac or another Guarantor, or shall

prevent any sale or conveyance of the property of a Subsidiary Guarantor as an entirety or substantially as an entirety to Calfrac Holdings, Calfrac or another Guarantor.

Section 10.04 *Release of Subsidiary Guarantor.*

(a) The Subsidiary Guarantee of a Guarantor will be automatically released:

(1) in connection with any sale, assignment, transfer, conveyance or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger or consolidation), in one or more related transactions, to a Person that is not (either before or after giving effect to such transaction) Calfrac or a Restricted Subsidiary of Calfrac, if the sale or other disposition does not violate Section 4.10;

(2) in connection with any sale or other disposition of the Capital Stock of a Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) a Restricted Subsidiary of Calfrac after which such Subsidiary Guarantor is no longer a Subsidiary of Calfrac, if the sale of such Capital Stock of that Subsidiary Guarantor complies with Section 4.10;

(3) if Calfrac properly designates any Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary under this Indenture;

(4) upon the release or discharge of the Indebtedness which resulted in the creation of such Subsidiary Guarantee pursuant to Section 4.16, except a discharge or release by or as a result of repayment in full or termination of such Indebtedness (other than any such Indebtedness that initially was directly Incurred by it and paid by it, in each case, in the ordinary course of business, and not as a result of the acceleration of its maturity); provided that this clause (4) will not be applicable to Calfrac Corp.; or

(5) upon Legal Defeasance, Covenant Defeasance or satisfaction and discharge of this Indenture as provided in Sections 8.02, 8.03 or 11.01(a), as the case may be.

(b) Any Subsidiary Guarantor not released from its Notes Obligations under its Subsidiary Guarantee shall remain liable for the full amount of principal of, premium on, if any, and interest on the Notes and for the other Notes Obligations of any Guarantor under this Indenture as provided in this Article X.

Section 10.05 *Execution and Delivery.*

(a) To evidence its Parent Guarantee or its Subsidiary Guarantee (as the case may be) set forth in Section 10.01 hereof, each Guarantor hereby agrees that this Indenture shall be executed by an Officer of such Guarantor.

(b) Each Guarantor hereby agrees that its Parent Guarantee or its Subsidiary Guarantee (as the case may be) set forth in Section 10.01 hereof will remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on each Note.

(c) If an Officer whose signature is on this Indenture no longer holds that office at the time the Trustee authenticates the Note, the Guarantee shall be valid nevertheless.

(d) The delivery of any Note by the Trustee, after the authentication thereof hereunder, will constitute due delivery of the Parent Guarantee and the Subsidiary Guarantee set forth in this Indenture on behalf of the Guarantors.

Section 10.06 *Benefits Acknowledged.*

Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Indenture and that the guarantee and waivers made by it pursuant to its Guarantee are knowingly made in contemplation of such benefits.

Article XI

SATISFACTION AND DISCHARGE

Section 11.01 *Satisfaction and Discharge.*

(a) This Indenture shall be discharged and shall cease to be of further effect as to all Notes issued hereunder, when:

(1) either:

(i) all Notes that have been authenticated (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to Calfrac Holdings) have been delivered to the Trustee for cancellation; or

(ii) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and Calfrac Holdings or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(3) such deposit will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which Calfrac Holdings, Calfrac or any Guarantor is a party or by which Calfrac Holdings, Calfrac or any Guarantor is bound;

(4) Calfrac Holdings or any Guarantor has paid or caused to be paid all Notes Obligations then due and payable under this Indenture by Calfrac Holdings; and

(5) Calfrac Holdings has delivered irrevocable written instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

(b) In addition, Calfrac Holdings must deliver to the Trustee (a) an Officers' Certificate, stating that all conditions precedent set forth in clauses (1) through (5) of Section 11.01(a) above have been satisfied, and (b) an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and qualifications), stating that all conditions precedent set forth in clauses (3) and (5) of Section 11.01(a) above have been satisfied; *provided* that the Opinion of Counsel with respect to clause (3) of Section 11.01(a) above may be to the knowledge of such counsel.

(c) Notwithstanding the above, the Trustee shall pay to Calfrac Holdings from time to time upon its request any cash or Government Securities held by it as provided in this section which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification delivered to the Trustee, are in excess of the amount thereof that would then be required to be deposited to effect a satisfaction and discharge under this Article XI.

(d) After the conditions to discharge contained in this Article XI have been satisfied, and Calfrac Holdings has paid or caused to be paid all other sums payable hereunder, the Trustee upon written request shall acknowledge in writing the discharge of the Notes Obligations of Calfrac Holdings and the Guarantors under this Indenture (except for those surviving obligations specified in Section 11.04).

Section 11.02 *Deposited Money and Government Securities to be Held in Trust.*

Subject to Section 11.03 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee pursuant to Section 11.01 hereof in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including Calfrac Holdings acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

Section 11.03 *Survival.*

In the event that Calfrac Holdings makes (or causes to be made) an irrevocable deposit with the Trustee for the benefit of the Holders pursuant to Section 11.01(a) hereof, prior to the date of maturity or redemption, as the case may be, the following provisions of this Indenture shall survive until otherwise terminated or discharged hereunder:

(a) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due from the trust;

(b) Calfrac Holdings' obligations with respect to such Notes under Article II and Section 4.02 hereof;

(c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and Calfrac Holdings' obligations in connection therewith; and

(d) this Article XI.

Section 11.04 *Reinstatement.*

If the Trustee or Paying Agent is unable to apply any Government Securities in accordance with Section 11.02 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then Calfrac Holdings' obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 11.01(a)(2) hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 11.02 hereof; *provided, however,* that, if Calfrac Holdings makes any payment of principal of, premium, if any, and interest, if any, on any Note following the reinstatement of its obligations, Calfrac Holdings shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

Article XII

MISCELLANEOUS

Section 12.01 *[Reserved]*.

Section 12.02 *Notices.*

(a) Any notice or communication by Calfrac Holdings, Calfrac, any of the Guarantors or the Trustee to the others is duly given if in writing and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), or overnight air courier guaranteeing next day delivery, to the others' address:

If to Calfrac Holdings, Calfrac and/or any Guarantor:

c/o Calfrac Well Services Ltd.
411-8th Avenue S.W.
Calgary, Alberta T2P lE3
Facsimile: (403) 266-7381
Attention: Chief Financial Officer

If to the Trustee:

Wilmington Trust, National Association
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402
Attention: Calfrac Holdings Notes Administrator
Fax No.: (612) 217-5651

(b) Calfrac Holdings, Calfrac, the Guarantors or the Trustee, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

(c) All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; three Business Days after being deposited in the mail, postage prepaid, if mailed; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery, except in the case of notices or communications given to the Trustee, which shall be effective only upon actual receipt by the Trustee at its Corporate Trust Office.

(d) Any notice or communication to a Holder shall be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Notwithstanding any other provision of this Indenture or any Note, where this Indenture or any Note provides for notice of any event (including any notice of redemption or repurchase) to a Holder of a global note (whether by mail or otherwise), such notice shall be sufficiently given if given to Depositary (or its designee) pursuant to the standing instructions from Depositary or its designee, including by electronic mail in accordance with Depositary operational arrangements or other Applicable Procedures. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

(e) Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance on such waiver.

(f) In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

(g) If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it, except in the case of notices or communications given to the Trustee, which shall be effective only upon actual receipt by the Trustee at its Corporate Trust Office.

(h) If Calfrac Holdings mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

Section 12.03 *[Reserved]*.

Section 12.04 *Certificate and Opinion as to Conditions Precedent.*

Upon any request or application by Calfrac Holdings to the Trustee to take any action under this Indenture, Calfrac Holdings shall furnish to the Trustee:

(i) an Officers' Certificate in form and substance satisfactory to the Trustee (which shall include the statements set forth in Section 12.05 hereof) stating that, in the opinion of the signatories, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(ii) an Opinion of Counsel in form and substance satisfactory to the Trustee (which shall include the statements set forth in Section 12.05 hereof) stating that, in the opinion of such

counsel (who may rely upon an Officers' Certificate as to matters of fact), such action is authorized or permitted by this Indenture and all such conditions precedent and covenants have been satisfied.

Section 12.05 *Statements Required in Certificate or Opinion.*

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture and shall include:

(i) a statement that the Person making such certificate or opinion has read such covenant or condition;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

Section 12.06 *Rules by Trustee and Agents.*

The Trustee may make reasonable rules for actions taken by, or meetings or consents of, Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 12.07 *No Personal Liability of Directors, Officers, Employees and Stockholders.*

No director, officer, employee, incorporator, stockholder, shareholder, member, manager or partner of Calfrac Holdings, Calfrac or any Subsidiary Guarantor, as such, shall have any liability for any obligations of Calfrac Holdings, Calfrac or the Subsidiary Guarantors under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. This waiver and release are part of the consideration for issuance of the Notes.

Section 12.08 *Governing Law.*

THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE AND THE NOTES.

Section 12.09 *Waiver of Jury Trial.*

EACH OF CALFRAC HOLDINGS, CALFRAC, THE SUBSIDIARY GUARANTORS AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES, THE PARENT

GUARANTEE, THE SUBSIDIARY GUARANTEES OR THE TRANSACTIONS CONTEMPLATED THEREBY.

Section 12.10 *Agent for Service; Submission to Jurisdiction; Waiver of Immunities.*

By the execution and delivery of this Indenture, each of Calfrac Holdings, Calfrac and the Subsidiary Guarantors (i) acknowledges that it has, by separate written instrument, designated and appointed Corporation Service Company as its authorized agent upon which process may be served in any suit, action or proceeding arising out of or relating to the Note Documents (other than the Intercreditor Agreement) that may be instituted in any Federal or State court in the State of New York, Borough of Manhattan, or brought under United States Federal or State securities laws or brought by the Trustee (whether in its individual capacity or in its capacity as Trustee hereunder), and acknowledges that Corporation Service Company has accepted such designation, (ii) submits to the jurisdiction of any such court in any such suit, action or proceeding, and (iii) agrees that service of process upon Corporation Service Company at 1133 Avenue of the Americas, New York, New York 10036 and written notice of said service to Calfrac Holdings (mailed or delivered to Calfrac Holdings' Corporate Secretary at the office as specified in Section 12.02 hereof), shall be deemed in every respect effective service of process upon it in any such suit or proceeding. Each of Calfrac Holdings, Calfrac and each Subsidiary Guarantor further agrees to take any and all action, including the execution and filing of any and all such documents and instruments as may be necessary to continue such designation and appointment of Corporation Service Company, in full force and effect so long as this Indenture shall be in full force and effect; *provided* that Calfrac Holdings may and shall (to the extent Corporation Service Company ceases to be able to be served on the basis contemplated herein), by written notice to the Trustee, designate such additional or alternative agent for service of process under this Section 12.10 that (i) maintains an office located in the Borough of Manhattan, The City of New York in the State of New York, (ii) is either (x) counsel for Calfrac Holdings or (y) a corporate service company which acts as agent for service of process for other reasons in the ordinary course of its business and (iii) agrees to act as agent for service of process in accordance with this Section 12.10, but in any event, there shall, at all times, be at least one agent for service of process for Calfrac Holdings, Calfrac and any Subsidiary Guarantors, if any, appointed and acting in accordance with this Section 12.10. Such notice shall identify the name of such agent for process and the address of such agent for process in the Borough of Manhattan, The City of New York, State of New York. Upon the request of any Holder, the Trustee shall deliver such information to such Holder. Notwithstanding the foregoing, any action against Calfrac Holdings, Calfrac or any Subsidiary Guarantor arising out, or based on, this Indenture or any Note may also be instituted by the Holder of such Note in any court in the jurisdiction of organization of Calfrac Holdings, Calfrac or any Subsidiary Guarantor, as the case may he, and each of them accepts jurisdiction of such court in any such action.

To the extent that Calfrac Holdings, Calfrac or any Subsidiary Guarantor, or any of its properties, assets or revenues, may have or may hereafter become entitled to, or have attributed to it or such properties, assets or revenue, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any thereof, from set-off or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising but of or in connection with this Indenture, the Notes, the Parent Guarantee or the

Subsidiary Guarantees, each of Calfrac Holdings, Calfrac and the Subsidiary Guarantors, to the maximum extent permitted by law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

Section 12.11 *Judgment Currency.*

Calfrac Holdings agrees to indemnify the Trustee and each Holder against any loss incurred by it as a result of any judgment or order being given or made and expressed and paid in a currency (the "*Judgment Currency*") other than U.S. dollars and as a result of any variation as between (i) the rate of exchange at which the United States dollar amount is converted into the Judgment Currency for the purpose of such judgment or order and (ii) the spot rate of exchange in The City of New York at which the Trustee or such Holder on the date of payment of such judgment or order is able to purchase United States dollars with the amount of the Judgment Currency actually received by the Trustee or such Holder. The foregoing indemnity shall constitute a separate and independent obligation of Calfrac Holdings and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "*spot rate of exchange*" shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, United States dollars.

Section 12.12 *No Adverse Interpretation of Other Agreements.*

This Indenture may not be used to interpret any other indenture, loan or debt agreement of Calfrac or any of its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 12.13 *Successors.*

All agreements of Calfrac Holdings in this Indenture and the Notes shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors. All of the respective agreements of each of Calfrac and the Guarantors in this Indenture shall bind Calfrac and such Guarantors' respective successors, except as otherwise expressly provided in Section 5.01 or Section 10.04, as the case may be.

Section 12.14 *Severability.*

In case any provision in this Indenture or the Notes shall be declared invalid, illegal or unenforceable by a court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 12.15 *Counterpart Originals.*

The parties may sign any number of copies of this Indenture or the Notes. Each signed copy shall be an original, but all of them together represent the same agreement. Delivery of an executed counterpart of a signature page to this Indenture by facsimile, email or other electronic means shall be effective as delivery of a manually executed counterpart of this Indenture.

Section 12.16 *Benefit of Indenture.*

Nothing in this Indenture, the Notes, the Parent Guarantee or the Subsidiary Guarantees, express or implied, shall give to any Person, other than the parties hereto, any Paying Agent, any Registrar and its

successors hereunder, and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 12.17 *Table of Contents, Headings, Etc.*

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

Section 12.18 *U.S.A. Patriot Act.*

The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

Section 12.19 *Force Majeure.*

In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Article XIII

COLLATERAL; SECURITY

Section 13.01 *Security Interest.*

(a) The due and punctual payment of the Notes Obligations and the Obligations of the Guarantors under the Guarantees of the Notes, when and as the same shall be due and payable, whether on an interest payment date, at maturity, by acceleration, repurchase, redemption or otherwise, and interest on the overdue principal of, premium, if any, and interest (to the extent permitted by law), on the Notes, the Guarantees of the Notes and performance and payment of all other Notes Obligations of the Issuer and the Guarantors to the Holders, the Trustee and the Collateral Agent under the Note Documents, according to the terms hereunder, are secured as provided in the Security Instruments.

(b) Each Holder of Notes, by its acceptance thereof and of the Guarantees of the Notes, consents and agrees to the terms of the Security Instruments and the Intercreditor Agreement (including without limitation the provisions providing for foreclosure and release of Collateral and amendments to the Security Instruments) as the same may be in effect or may be amended from time to time in accordance with their terms and authorizes and appoints Wilmington Trust, National Association, as the

Collateral Agent. Each Holder of Notes, by its acceptance thereof and of the Guarantees of the Notes directs the Trustee and the Collateral Agent to enter into the Security Instruments and the Intercreditor Agreement and to perform their obligations and exercise their rights thereunder in accordance therewith, subject to the terms and conditions thereof. The Trustee, the Collateral Agent and each Holder of Notes, by its acceptance thereof and of the Guarantees of the Notes, acknowledges that, as more fully set forth in the Security Instruments, the Collateral as now or hereafter constituted shall be held, subject to the Intercreditor Agreement, for the benefit of the Holders of Notes, the Trustee and the Collateral Agent, and the Lien of this Indenture and the Security Instruments is subject to and qualified and limited in all respects by the Intercreditor Agreement and the Security Instruments and actions that may be taken thereunder.

Section 13.02 *Post-Issue Date Collateral Requirements.*

(a) The Issuer and each Guarantor shall execute and deliver to the Collateral Agent within the time frames set forth in the Security Instruments, all (i) mortgages or other Security Instruments and documents as may be necessary to create a valid Lien on the Collateral and (ii) recordings, filings (including filings of continuation statements and amendments to financing statements that may be necessary to continue the effectiveness of such financing statements and any terminations of existing financing statements) and other similar actions required in connection with the perfection of the Liens on the Collateral created under the Security Instruments (at the sole cost of the Issuer and the Guarantors), in the case of each of clauses (i) and (ii), subject to the exceptions contained in the Security Instruments consistent with the First Lien Collateral Documents and subject to and qualified and limited in all respects by the Intercreditor Agreement and actions that may be taken thereunder.

Section 13.03 *Further Assurances; Liens on Additional Property.*

(a) The Issuer and each Guarantor shall do or cause to be done all acts and things that may be required, or that the Trustee from time to time may reasonably request, to assure and confirm that the Trustee holds, duly created and enforceable and perfected second-priority Liens upon the Collateral (subject to the Intercreditor Agreement and Permitted Liens) (including any property required to become, Collateral after the Issue Date), in each case, as contemplated by the Note Documents, and in connection with any merger, consolidation or sale of assets of the Issuer or any Guarantor, the property and assets of the Person that is consolidated or merged with or into the Issuer or any Guarantor, to the extent that they are property of the types that would constitute Collateral under the Security Instruments, shall be treated as after-acquired property and the Issuer or such Guarantor shall take such action as may be reasonably necessary to cause such property and assets to be made subject to the Lien of the Security Instruments, in the manner and to the extent required under the Security Instruments, but subject to the Intercreditor Agreement.

(b) From and after the Issue Date, if the Issuer or any Guarantor acquires any property that constitutes collateral for First Lien Obligations that are subject to the Intercreditor Agreement, if and to the extent that any documentation relating to the First Lien Obligations requires any supplemental security document for such collateral or other actions to achieve a perfected Lien on such collateral, the Issuer shall, or shall cause the applicable Guarantor to, promptly (but not in any event later than the date that is 30 Business Days after which such supplemental security documents are executed and delivered (or other action taken) with respect to the First Lien Obligations), to the extent permitted by applicable law, execute and deliver to the Collateral Agent appropriate Security Instruments (or amendments thereto)

in such form as shall be necessary to grant the Collateral Agent a valid and enforceable perfected second-priority Lien (subject to the Intercreditor Agreement and to Permitted Liens) on such Collateral or take such other actions in favor of the Collateral Agent as shall be reasonably necessary to grant a valid and enforceable perfected second-priority Lien (subject to the Intercreditor Agreement and to Permitted Liens) on such Collateral to the Collateral Agent, for the benefit of itself and the Holders, subject to this Indenture, the Intercreditor Agreement and the Security Instruments. Additionally, subject to this Indenture, the Intercreditor Agreement and the Security Instruments, if the Issuer or any Guarantor creates any additional Lien upon any property that would constitute Collateral, or takes any additional actions to perfect any existing Lien on Collateral, in each case for the benefit of the holders of First Lien Obligations, after the Issue Date, the Issuer or such Guarantor, as applicable, must, to the extent permitted by applicable law, within 30 Business Days after such Lien is granted or other action taken, grant a valid and enforceable perfected second-priority Lien (subject to the Intercreditor Agreement and to Permitted Liens) upon such property, or take such additional perfection actions, as applicable, for the benefit of the Holders and obtain all related deliverables as those delivered in connection with the First Lien Obligations, as applicable, in each case as security for the Notes Obligations. Notwithstanding the foregoing, to the extent that any Lien on any Collateral is perfected by the possession or control of such Collateral or of any account in which such Collateral is held, and if such Collateral or any such account is in fact in the possession or under the control of the First Lien Agent, or of agents or bailees thereof, the perfection actions and related deliverables described in this Section 13.03(b) shall not be required.

(c) Notwithstanding anything herein or in the other Note Documents to the contrary, the Collateral shall not include property excluded therefrom pursuant to any Security Instrument, except to the extent such assets or property are subject to a Lien generally securing obligations under the First Lien Credit Agreement (other than as provided in the immediately preceding sentence).

Section 13.04 *Intercreditor Agreement.*

This Article XIII and the provisions of each other Security Instrument are subject to the Intercreditor Agreement. The Issuer and each Guarantor consents to, and agrees to be bound by, the terms of the Intercreditor Agreement, as the same may be in effect from time to time, and to perform its obligations thereunder in accordance with the terms thereof. In addition, each Holder of Notes, by its acceptance thereof and of the Guarantees of the Notes, authorizes and instructs the Collateral Agent to enter into the Intercreditor Agreement and any amendments or joinders thereto, without the consent of any Holder, to add Additional Notes and add other parties (or any authorized agent or trustee therefor) holding such Indebtedness thereto and to establish that the Lien on any Collateral securing such Indebtedness ranks equally with the Liens on such Collateral securing the Notes, then outstanding.

Section 13.05 *Release of Liens in Respect of Notes.*

The Collateral Agent's Liens upon the Collateral will no longer secure the Notes outstanding under this Indenture, and the right of the Holders to the benefits and proceeds of the Liens on the Collateral will terminate and be discharged:

(a) upon satisfaction and discharge of this Indenture;

(b) upon a Legal Defeasance or Covenant Defeasance of the Notes;

(c) upon payment in full in cash and discharge of all Notes outstanding under this Indenture and all other Notes Obligations hereunder that are outstanding, due and payable under this Indenture and the Security Instruments at the time the Notes are paid in full in cash and discharged (other than contingent indemnity obligations for which no claim has been made);

(d) as to any Collateral of the Issuer or a Guarantor that is sold, transferred or otherwise disposed of by the Issuer or such Guarantor to a Person that is not (either before or after such sale, transfer or disposition) the Issuer or a Guarantor in a transaction or other circumstance that complies with the provisions hereof (other than any obligation to apply proceeds of such Asset Sale as provided in such provision), at the time of such sale, transfer or other disposition or to the extent of the interest sold, transferred or otherwise disposed of; provided that the Trustee's Liens upon the Collateral will not be released if the sale or disposition is subject to Article V hereof;

(e) in whole or in part, with the consent of the Holders of the requisite aggregate principal amount of Notes in accordance with Article IX hereof;

(f) with respect to the assets of any Guarantor, at the time that such Guarantor is released from its Guarantee of the Notes in accordance with the provisions hereof; and

(g) if and to the extent required by the Intercreditor Agreement.

Upon the receipt of an Officers' Certificate and Opinion of Counsel pursuant to Article XII, and any necessary or proper instruments of termination, satisfaction or release prepared by the Issuer, the Collateral Agent shall execute, deliver or acknowledge such instruments or releases to evidence the release of any Collateral permitted to be released pursuant to this Indenture or the other Notes Documents or the Intercreditor Agreement.

Section 13.06 *Collateral Agent.*

The Collateral Agent will hold (directly or through co-agents or trustees) and, subject to the terms of the Intercreditor Agreement, will be entitled to enforce all Liens on the Collateral created by the Security Instruments. Except as provided herein, neither the Trustee nor the Collateral Agent will be obligated:

(a) to act upon directions purported to be delivered to it by any Person;

(b) to foreclose upon or otherwise enforce any Lien on any Collateral securing Notes Obligations; or

(c) to take any other action whatsoever with regard to any or all of the Security Instruments, the Notes Documents, the Liens created thereby or the Collateral securing the Notes Obligations.

Subject to the Intercreditor Agreement, the Trustee is authorized and empowered, but not obligated, to institute and maintain, or direct the Collateral Agent to institute and maintain, such suits and proceeds as it may deem expedient to protect or enforce the Liens securing the Notes Obligations or the Security Instruments to which the Collateral Agent or Trustee is a party or to prevent any impairment of Collateral by any acts that may be unlawful or in violation of the Security Instruments to which the Collateral Agent or Trustee is a party or this Indenture, and such suits and proceedings as the Trustee or

Collateral Agent may deem expedient to preserve or protect its interests and the interests of the Holders of the Notes in the Collateral, including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest hereunder or be prejudicial to the interests of the Holders, the Trustee or the Collateral Agent.

The Collateral Agent will be accountable only for amounts that it actually receives as a result of the enforcement of Liens securing Notes Obligations or the Security Instruments.

In acting as Collateral Agent or co-Collateral Agent, the Collateral Agent and each co-Collateral Agent may rely upon and enforce each and all of the rights, powers, privileges, protections, indemnities, immunities and benefits of the Trustee under Article VII hereof.

At all times when the Trustee is not itself the Collateral Agent, the Issuer will deliver to the Trustee copies of all Security Instruments delivered to the Collateral Agent and copies of all documents delivered to the Collateral Agent pursuant to this Indenture and the Security Instruments.

Neither the Trustee nor the Collateral Agent nor any of their respective officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any Collateral, for the legality, enforceability, effectiveness or sufficiency of the Security Instruments, for the creation, perfection, priority, sufficiency or protection of any Lien securing Notes Obligations, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Liens security Notes Obligations or the Security Instruments or any delay in doing so.

The Collateral Agent will be subject to such directions as may be given to it by the Trustee from time to time (as required or permitted by this Indenture); *provided* that in the event of conflict between directions received pursuant to the Security Instruments and directions received hereunder, the Collateral Agent will be subject to such directions received pursuant to the Security Instruments and the Intercreditor Agreement.

Beyond the exercise of reasonable care in the custody of Collateral in its possession, the Collateral Agent will have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and the Collateral Agent will not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any Liens on the Collateral; *provided, however*, that, notwithstanding the foregoing, the Collateral Agent will authorize the execution, filing or recording of PPSA or Uniform Commercial Code financing statements and other documents and instruments to preserve, protect or perfect the Liens granted to the Collateral Agent if it shall receive an Officers' Certificate instructing it to authorize the execution, filing or recording of the particular financing change statement or other specific document or instrument by or on behalf of the Guarantors. The Collateral Agent will be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral Agent acts in good faith and no action or inaction taken by the Collateral Agent constitutes negligence or willful misconduct, and the Collateral Agent will not be liable or responsible for any loss or diminution in the value of any of the Collateral by reason of the act or

omission of any carrier, forwarding agency or other agent or bailee selected by the Collateral Agent in good faith.

[SIGNATURE PAGES FOLLOW]

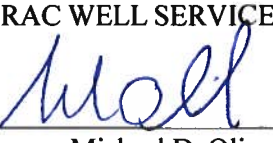
IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed, all as of the day and year first above written.

CALFRAC HOLDINGS LP

By: Calfrac (Canada) Inc.,
its general partner

By: 
Name: Michael D. Olinek
Title: Chief Financial Officer

CALFRAC WELL SERVICES LTD.

By: 
Name: Michael D. Olinek
Title: Chief Financial Officer

CALFRAC WELL SERVICES CORP.

By: 
Name: Michael D. Olinek
Title: Chief Financial Officer

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee and Collateral Agent

By: _____
Name:
Title:

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee and Collateral Agent

By: 
Name: Sarah Vilhauer
Title: Banking Officer

EXHIBIT A

[Face of Note]

[**If a Global Note, insert** — THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.07 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.07(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.12 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF CALFRAC HOLDINGS LP (THE "ISSUER").

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

[**If a Restricted Global Note or a Restricted Definitive Note, insert** — THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT

PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.]

[**If a Restrictive Global Note or a Restrictive Definitive Note, insert** — UNLESS PERMITTED UNDER APPLICABLE SECURITIES LEGISLATION IN CANADA, THE HOLDER OF THIS NOTE MUST NOT TRADE THIS NOTE IN CANADA BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF: (A) FEBRUARY 14, 2020, AND (B) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.]

[**If the Notes are issued with original issue discount, insert** — THIS SECURITY IS BEING ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. FOR INFORMATION REGARDING THE ISSUE PRICE, THE TOTAL AMOUNT OF ORIGINAL ISSUE DISCOUNT, THE ISSUE DATE, AND THE YIELD TO MATURITY OF THE SECURITY, PLEASE CONTACT CALFRAC WELL SERVICES LTD., 411 – 8TH AVENUE S.W., CALGARY, ALBERTA T2P 1E3, ATTENTION: CHIEF FINANCIAL OFFICER.]

No. _____ US$_____ CUSIP _____

CALFRAC HOLDINGS LP
10.875% SECOND LIEN SECURED NOTES DUE 2026

Issue Date: _____

CALFRAC HOLDINGS LP, a Delaware limited partnership (the "*Company*," which term includes any successor under the Indenture hereinafter referred to), for value received, promises to pay to [**if a Global Note, insert** - CEDE & CO., as nominee for The Depository Trust Company] or its registered assigns, the principal sum of _____ United States Dollars [**if a Global Note, -insert** - , or such other principal amount as shall be set forth on the "Schedule of Exchanges of Interests in the Global Note" attached hereto,] on March 15, 2026.

Interest Payment Dates: March 15 and September 15, commencing March 15, 2020.

Record Dates: March 1 and September 1.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by its duly authorized officer.

CALFRAC HOLDINGS LP

By: Calfrac (Canada) Inc.,
its general partner

By:_____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION
This is one of the 10.875% Second Lien Secured Notes due 2026 described in the within-mentioned Indenture.

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee

By: _____ Dated: _____
Authorized Signatory

[Reverse Side of Note]
CALFRAC HOLDINGS LP
10.875% Second Lien Secured Notes due 2026

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. *Interest*. The Company promises to pay interest on the principal amount of this Note at 10.875% per annum until maturity. The Company shall pay interest semi-annually in arrears on March 15 and September 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an "*Interest Payment Date*"). Interest on overdue principal and interest will accrue at the applicable interest rate on the Notes. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; *provided* that the first Interest Payment Date shall be March 15, 2020. The Company shall pay interest on overdue principal at the rate borne by the Notes, and it shall pay interest on overdue installments of interest at the same rate to the extent lawful. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months. If an Interest Payment Date falls on a day that is not a Business Day, the interest payment to be made on such Interest Payment Date will be made on the next succeeding Business Day with the same force and effect as if made all such Interest Payment Date, and no additional interest will accrue as a result of such delayed payment.

2. *Method of Payment*. The Company shall pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the March 1 or September 1 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.15 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium and interest at the office or agency of the Paying Agent and Registrar within the contiguous United States, or, at the option of the Company, payment of interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of and interest and premium, if any, on, all Global Notes and all other Notes the Holders of which will have provided wire transfer instructions to the Company or the Paying Agent. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. *Paying Agent and Registrar*. Initially, the Trustee under the Indenture shall act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without prior notice to any Holder. Calfrac or any of its Restricted Subsidiaries may act in any such capacity.

4. *Indenture*. The Company issued the Notes under an Indenture dated as of February 14, 2020 (the "*Indenture*"), among the Company, the Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Indenture pursuant to which this Note is issued provides that an unlimited aggregate principal amount of Additional Notes may be issued thereunder.

5. *Optional Redemption*. (a) Except as set forth in paragraphs 5(b), (c) and (d) below, the Company shall not have the option to redeem the Notes prior to March 15, 2021. On or after March 15, 2021, the Company may redeem all or a portion of the Notes upon not less than 15 days' nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set

forth below plus accrued and unpaid interest to, but not including, the applicable redemption date, if redeemed during the twelve-month period beginning on March 15 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant Interest Payment Date:

Year	**Percentage**
2021	110.875%
2022	105.438%
2023	102.719%
2024 and thereafter	100.000%

(b) At any time prior to March 15, 2021, the Company may, on one or more occasions, redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture (including any Additional Notes) at a redemption price of 110.875% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the redemption date, subject to the rights of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, with the net cash proceeds of one or more Equity Offerings; *provided* that (1) at least 65% of the aggregate principal amount of Notes issued under the Indenture (including any Additional Notes) remains outstanding immediately after the occurrence of such redemption (excluding Notes held by the Company or its Affiliates); and (2) the redemption must occur within 90 days of the date of the closing of such Equity Offering.

(c) At any time prior to March 15, 2021, the Company may redeem the Notes in whole or in part, at 100.0% of the principal amount of the Notes redeemed plus Make-Whole Premium, plus accrued and unpaid interest to, but not including, the redemption date subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date. "*Make-Whole Premium*" with respect to a Note means the greater of:

(1) 1.0% of the principal amount of such Note; and

(2) the excess, if any, of:

(i) the present value of the remaining interest, premium, if any, and principal payments due on such Note as if such Note were redeemed on March 15, 2021 (excluding accrued and unpaid interest to such redemption date), computed using a discount rate equal to the Treasury Rate plus 50 basis points over,

(ii) the outstanding principal amount of such Note.

Calfrac Holdings shall calculate or cause to be calculated the Make-Whole Premium and the Trustee shall have no duty to monitor, calculate or verify Calfrac Holdings' calculation of the Make-Whole Premium.

"*Treasury Rate*" means the yield to maturity at the time of the computation of United States Treasury securities with a constant maturity (as compiled by and published in the most recent Federal Reserve Statistical Release H.l5(519), which has become publicly available at least two Business Days prior to the date of the redemption notice or, if such Statistical Release is no longer published, any publicly available source of similar market date) most nearly equal to the then remaining maturity of the Notes assuming redemption of the Notes on March 15, 2021; *provided, however*, that if the Make-Whole Average Life of such Notes is not equal to the constant maturity of the United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation

(calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the Make-Whole Average Life of such Notes is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used. "*Make-Whole Average Life*" means the number of years (calculated to the nearest one-twelfth) between the date of redemption and March 15, 2021.

(d) The Company may at any time, at its option, redeem, in whole but not in part, upon not less than 15 nor more than 60 days' notice, the outstanding Notes at a redemption price of 100% of the principal amount thereof plus accrued and unpaid interest to, but not including, the date of redemption upon the occurrence of an event specified in clause (1) or clause (2) below that results in an obligation to pay any Additional Amounts or any Reimbursement Payments in respect of the Notes:

(1) any change in or amendment to the laws (or regulations promulgated thereunder, rulings, technical interpretations, interpretation bulletins or information circulars) of any Taxing Authority, or

(2) any change in or amendment to any official position regarding the application, administration or interpretation of such laws, regulations, rulings, technical interpretation, interpretation bulletins or information circulars (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment is announced or is effective on or after the Issue Date (without regard to whether any Guarantor is or has been making any payments under the Notes prior to, at or after the time such change or amendment is announced or effective).

6. *Repurchase at Option of Holder*. (a) If a Change of Control occurs, the Company shall be required to make an offer to each Holder of Notes to repurchase all or any part of that Holder's Notes pursuant to an offer (a "*Change of Control Offer*") on the terms set forth in the Indenture. In the Change of Control Offer, the Company will offer a payment (a "*Change of Control Payment*") in cash equal to not less than 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, to, but not including, the date of repurchase (the "*Change of Control Payment Date*," which date shall be no earlier than the date of such Change of Control). No later than 30 days following any Change of Control, the Company shall mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the Change of Control Payment Date specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the Indenture and described in such notice. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer.

If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Company, or any third party making a Change of Control Offer in lieu of the Company as described in Section 4.l3 of the Indenture, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Company shall have the right, upon not less than 15 nor more than 60 days' prior written notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described in Section 4.13 of the Indenture, to redeem all Notes that remain outstanding following such purchase at a redemption price in cash equal to the applicable Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, to, but not including, the date of redemption.

(b) If Calfrac or a Restricted Subsidiary of Calfrac consummates any Asset Sales, within 10 Business Days of each date on which the aggregate amount of Excess Proceeds exceeds US$20.0 million, the Company shall make an offer (an "*Asset Sale Offer*") to all Holders of Notes and all holders of other Indebtedness that is secured equally and ratably with or on a priority basis to the Notes and the related Guarantees or is secured on a priority basis to the Notes or the related Guarantees containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets, in accordance with Section 4.10 of the Indenture, to purchase the maximum principal amount of Notes and such other Indebtedness that is secured equally and ratably with or on a priority basis to or on a priority basis to the Notes that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of principal amount plus accrued and unpaid interest to, but not including, the date of purchase, and will be payable in cash, all in accordance with the procedures set forth in the Indenture. Calfrac Holdings may satisfy the foregoing obligation with respect to such Excess Proceeds from an Asset Sale by making an Asset Sale Offer in advance of being required to do so by the Indenture (an "*Advance Offer*") with respect to all or part of the available Excess Proceeds (the "*Advance Portion*"). If any Excess Proceeds remain unapplied after consummation of an Asset Sale Offer, Calfrac and its Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other Indebtedness that is secured equally and ratably with or on a priority basis to the Notes tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Company shall select the Notes and the Company or the respective agent for such other Indebtedness that is secured equally and ratably with or on a priority basis to the Notes shall select such other Indebtedness that is secured equally and ratably with or on a priority basis to the Notes to be purchased on a pro rata basis (with such adjustments as may be deemed appropriate by the Trustee so that only Notes in minimum denominations of US$2,000 and in integral multiples of US$1.00 in excess thereof, shall be purchased (or, in the case of Notes in global form, the Notes shall be selected by such method as DTC or its nominee or successor may require), and the Company or the respective agent for such other Indebtedness that is secured equally and ratably with or on a priority basis to the Notes shall make such adjustments as deemed appropriate for such other Indebtedness that is secured equally and ratably with or on a priority basis to the Notes). Holders of Notes that are the subject of an offer to purchase will receive notice of an Asset Sale Offer from the Company prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled "Option of Holder to Elect Purchase" attached to this Note. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero (regardless of whether there are any remaining Excess Proceeds upon such completion), and in the case of an Advance Offer, the Advance Portion shall be excluded in subsequent calculations of Excess Proceeds.

7. *Denominations, Transfer, Exchange*. The Notes are in registered form without interest coupons in minimum denominations of US$2,000 and integral multiples of US$1.00 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company is not required to transfer or exchange any Note selected for redemption. Also, the Company is not required to (a) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of Notes for redemption under Section 3.02 under the Indenture and ending at the close of business on the day of such mailing, (b) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part, (c) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date or (d) to register the transfer of or to exchange a Note

tendered and not withdrawn in connection with a Change of Control Offer or an Asset Sale Offer. Transfer may be restricted as provided in the Indenture.

8. *Persons Deemed Owners*. The registered Holder of a Note will be treated as its owner for all purposes.

9. *Amendment, Supplement and Waiver*. Subject to certain exceptions, the Indenture or the other Note Documents may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture or the other Note Documents may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). In addition, the consent of Holders of at least 66.67% in aggregate principal amount of the outstanding Notes will be required to release the Liens for the benefit of the Holders on all or substantially all of the Collateral, other than in accordance with the Note Documents. Without the consent of any Holder of a Note, the Indenture or the other Note Documents may be amended or supplemented to, among other things, cure any ambiguity, defect or inconsistency, or make any change that does not materially adversely affect the legal rights under the Indenture of any such Holder.

10. *Defaults and Remedies*. To the extent permitted by applicable law, in the case of an Event of Default arising from events of bankruptcy or insolvency specified in clause (9) or (10) of Section 6.01(a) of the Indenture, with respect to the Company, any Restricted Subsidiary that is a Significant Subsidiary of Calfrac, or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary of Calfrac, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately by notice in writing to the Company (with a copy to the Trustee if such notice is given by the Holders of the Notes) specifying the Event of Default. Holders of the Notes may not enforce the Indenture or the other Note Documents except as provided in the Indenture or the other Note Documents. Subject to certain limitations, Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any Default or Event of Default (except a Default or Event of Default relating to the payment of principal, premium or interest) if and so long as the Trustee in good faith determines that withholding the notice is in the interests of the Holders of the Notes. The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture, except a continuing Default or Event of Default in the payment of interest on, or the principal of, the Notes. The Holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture or any other Note Document, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders of Notes not joining in the giving of such direction (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders) and may take any other action it deems proper that is not inconsistent with any such direction received from Holders of Notes.

11. *Trustee Dealings with Company*. The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may become a creditor of, or otherwise deal with Calfrac or any of its Affiliates, with the same rights it would have if it were not Trustee.

12. *No Recourse Against Others*. No director, officer, employee, incorporator, stockholder, shareholder, member, manager or partner of the Company, Calfrac or any Subsidiary Guarantor, as such, shall have any liability for any obligations of the Company, Calfrac or the Guarantors under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. This waiver and release are part of the consideration for issuance of the Notes.

13. *Authentication*. This Note shall not be valid until authenticated by the manual signature of the Trustee.

14. *CUSIP Numbers*. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

15. *Guarantee*. The Company's obligations under the Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors, which guarantee is secured by a second-priority Lien on the Collateral, as set forth in the Indenture and the Security Instruments.

16. *Security*. The Notes are general obligations of the Company secured by a second-priority Lien on the Collateral, as set forth in the Indenture and the Security Instruments, and are subject to the Intercreditor Agreement.

Reference is made to the Intercreditor Agreement as defined in the Indenture. Each Holder of Notes, by its acceptance thereof and of the Guarantees of the Notes (a) consents to the provisions of the Intercreditor Agreement regarding the distribution of proceeds from realizing on Collateral, (b) agrees that it will be bound by, and will take no actions contrary to, the Intercreditor Agreement and (c) authorizes and instructs the Trustee on behalf of each Holder of Notes to enter into the Intercreditor Agreement on behalf of the Holders of the Notes.

17. *Governing Law*. THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS NOTE.

18. *Copies of Documents*. The Company shall furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

c/o Calfrac Well Services Ltd.
411 - 8th Avenue S.W.
Calgary, Alberta T2P IE3
Attention: Chief Financial Officer

Assignment Form

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to: _____
(Insert assignee's legal name)

(Insert assignee's soc. sec. or tax I.D. no.)
(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee*: _____

*Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.13 of the Indenture, check the appropriate box below:

☐ Section 4.10 ☐ Section 4.13

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.13 of the Indenture, state the amount you elect to have purchased: US$_____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: _____

Signature Guarantee*: _____

*Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

[**If a Global Note, insert as a separate page** —

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of Decrease in Aggregate Principal Amount of this Global Note	Amount of Increase in Aggregate Principal Amount of this Global Note	Aggregate Principal Amount of this Global Note Following such decrease (or increase)	Signature of Authorized Signatory of Trustee or Custodian

EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

Calfrac Holding LP
411 – 8th Avenue S.W.
Calgary, Alberta T2P 1 E3
Attention: Chief Financial Officer

Wilmington Trust, National Association,
as Trustee and Registrar
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402
Attention: Calfrac Holdings Notes Administrator
Fax No.: (612) 217-5651

Re: 10.875% Second Lien Secured Notes due 2026

Reference is hereby made to the Indenture, dated as of February 14, 2020 (as amended or supplemented and in effect, the "*Indenture*"), among Calfrac Holdings LP, a Delaware limited partnership (the "*Company*"), Calfrac Well Services Ltd., an Alberta corporation ("*Parent*"), the Guarantors named therein and Wilmington Trust, National Association, a national banking association, as trustee and collateral agent. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the "*Transferor*") owns and proposes to transfer the Note(s) or interest in such Note(s) specified in Annex A, hereto, in the principal amount of US$_____ in such Note(s) or interests (the "*Transfer*"), to _____ (the "*Transferee*"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

☐ 1. Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Definitive Note Pursuant to Rule 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the "*Securities Act*"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Definitive Note and in the Indenture and the Securities Act.

☐ 2. Check if Transferee will take delivery of a beneficial interest in a Regulation S Global Note, or a Definitive Note pursuant to Regulation S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at

the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note and/or the Definitive Note and in the Indenture and the Securities Act.

☐ 3. Check and complete if Transferee will take delivery of a Restricted Definitive Note pursuant to any provision of the Securities Act other than Rule 144, Rule 144A or Regulation S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

☐ (a) such Transfer is being effected to the Parent, the Company or a subsidiary thereof; or

☐ (b) such Transfer is being effected to an Institutional Accredited Investor and pursuant to an exemption from the registration requirements of the Securities Act other than Rule 144A, Rule 144 or Rule 904, and the Transferor hereby further certifies that it has not engaged in any general solicitation within the meaning of Regulation D under the Securities Act and the Transfer complies with the transfer restrictions applicable to Restricted Definitive Notes and the requirements of the exemption claimed, which certification is supported by (1) a certificate executed by the Transferee in the form of Exhibit D to the Indenture and (2) an Opinion of Counsel provided by the Transferor or the Transferee (a copy of which the Transferor has attached to this certification), to the effect that such Transfer is in compliance with the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Definitive Notes and in the Indenture and the Securities Act.

☐ 4. Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Note or of an Unrestricted Definitive Note.

☐ (a) Check if Transfer is Pursuant to Rule 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

☐ (b) Check if Transfer is Pursuant to Regulation S. (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and, in the case of a transfer from a Restricted Global Note or a Restricted Definitive Note, the Transferor hereby further certifies that (a) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (b) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (c) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (d) the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person, and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

☐ (c) Check if Transfer is Pursuant to Other Exemption. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

Dated: _____

_____
[Insert Name of Transferor]

By: _____
Name:
Title:

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

☐ (a) a beneficial interest in the:

(i) 144A Global Note (CUSIP 12958RAD9); or

(ii) Regulation S Global Note (CUSIP U1255TAA1); or

☐ (b) a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

☐ (a) a beneficial interest in the:

(i) 144A Global Note (CUSIP 12958RAD9); or

(ii) Regulation S Global Note (CUSIP U1255TAA1); or

(iii) Unrestricted Global Note (CUSIP _____); or

☐ (b) a Restricted Definitive Note; or

☐ (c) an Unrestricted Definitive Note,

in accordance with the terms of the Indenture.

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

Calfrac Holding LP
411 – 8th Avenue S.W.
Calgary, Alberta T2P 1 E3
Attention: Chief Financial Officer

Wilmington Trust, National Association,
as Trustee and Registrar
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402
Attention: Calfrac Holdings Notes Administrator
Fax No.: (612) 217-5651

Re: 10.875% Second Lien Secured Notes due 2026

Reference is hereby made to the Indenture, dated as of February 14, 2020 (as amended or supplemented and in effect, the "*Indenture*"), among Calfrac Holdings LP, a Delaware limited partnership (the "*Company*"), Calfrac Well Services Ltd., an Alberta corporation, the Guarantors named therein and Wilmington Trust, National Association, a national banking association, as trustee and collateral agent. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the "*Owner*") owns and proposes to exchange the Note(s) or interest in such Note(s) specified herein, in the principal amount of US$ in such Note(s) or interests (the "*Exchange*"). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Definitive Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Definitive Notes or Beneficial Interests in an Unrestricted Global Note D.

☐ (a) Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount at maturity, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the "*Securities Act*"), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

☐ (b) Check if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Definitive Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the

restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

☐ (c) Check if Exchange is from Restricted Definitive Note to beneficial interest in an Unrestricted Global Note. In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

☐ (d) Check if Exchange is from Restricted Definitive Note to Unrestricted Definitive Note. In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. Exchange of Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes for Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes.

☐ (a) Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Definitive Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount at maturity, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

☐ (b) Check if Exchange is from Restricted Definitive Note to beneficial interest in a Restricted Global Note. In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the

[CHECK ONE]

☐ 144A Global Note,

☐ Regulation S Global Note,

with an equal principal amount at maturity, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any

state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

_____
[Insert Name of Transferor]

By:_____
Name:
Title:

EXHIBIT D

FORM OF CERTIFICATE FROM
ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR

Calfrac Holding LP
411 – 8th Avenue S.W.
Calgary, Alberta T2P 1 E3
Attention: Chief Financial Officer

Wilmington Trust, National Association,
as Trustee and Registrar
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402
Attention: Calfrac Holdings Notes Administrator
Fax No.: (612) 217-5651

Re: 10.875% Second Lien Secured Notes due 2026

Reference is hereby made to the Indenture, dated as of February 14, 2020 (as amended or supplemented and in effect, the "*Indenture*"), among Calfrac Holdings LP, a Delaware limited partnership (the "*Company*"), Calfrac Well Services Ltd., an Alberta corporation, the Guarantors named therein and Wilmington Trust, National Association, a national banking association, as trustee and collateral agent. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

In connection with our proposed purchase of US$ _____ aggregate principal amount of:

(a) ☐ beneficial interest in a Global Note, or

(b) ☐ a Definitive Note,

we confirm that:

1. We understand that any subsequent transfer of the Notes or any interest therein is subject to certain restrictions and conditions set forth in the Indenture and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes or any interest therein except in compliance with, such restrictions and conditions and the Securities Act of 1933, as amended (the "*Securities Act*").

2. We understand that the offer and sale of the Notes have not been registered under the Securities Act, and that the Notes and any interest therein may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell the Notes or any interest therein, we shall do so only (A) to the Company or any subsidiary thereof, (B) in accordance with Rule 144A under the Securities Act to a "qualified institutional buyer" (as defined therein), (C) to an institutional "accredited investor" (as defined below) that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to you and to the Company a signed letter substantially in the form of this letter and an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such transfer is in compliance with the Securities Act, (D) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, (E) pursuant to the provisions of Rule 144(k) under the Securities Act or (F) pursuant to an

effective registration statement under the Securities Act, and we further agree to provide to any person purchasing the Definitive Note or beneficial interest in a Global Note from us in a transaction meeting the requirements of clauses (A) through (E) of this paragraph a notice advising such purchaser that resales thereof are restricted as stated herein.

3. We understand that, on any proposed resale of the Notes or beneficial interest therein, we will be required to furnish to you and the Company such certifications, legal opinions and other information as you and the Company may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Notes purchased by us will bear a legend to the foregoing effect.

4. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

5. We are acquiring the Notes or beneficial interest therein purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion.

The Trustee and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Dated: _____

_____
[Insert Name of Accredited Investor/Transferor]

By: _____
Name:
Title:

EXHIBIT E

FORM OF SUPPLEMENTAL INDENTURE
TO BE DELIVERED BY SUBSEQUENT GUARANTORS

Supplemental Indenture (this "*Supplemental Indenture*"), dated as of _____, 20____ among _____ (the "*Guaranteeing Subsidiary*"), a subsidiary of Calfrac Well Services Ltd. (or its permitted successor), an Alberta corporation ("*Calfrac*"), Calfrac Holdings LP, a Delaware limited partnership ("*Calfrac Holdings*"), Calfrac, the Guarantors (as defined in the Indenture referred to herein) and Wilmington Trust, National Association, a national banking association (or its permitted successive successors), as trustee and collateral agent under the Indenture referred to below (the "*Trustee*").

W I T N E S S E T H

WHEREAS, Calfrac Holdings has heretofore executed and delivered to the Trustee an indenture dated as of February 14, 2020 (as amended or supplemented and in effect, the "*Indenture*") providing for the issuance of its 10.875% Second Lien Secured Notes due 2026 (the "*Notes*");

WHEREAS, Section 4.16 of the Indenture provides that the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall become a Guarantor (as defined in the Indenture) and shall guarantee on a secured second-lien basis the Notes Obligations on the terms and conditions set forth herein and in the Indenture and the other Note Documents;

WHEREAS, the Guaranteeing Subsidiary acknowledges that it will receive a benefit from its entry into this Supplemental Indenture and the Company's corresponding compliance with the terms of the Indenture; and

WHEREAS, pursuant to Section 9.06 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary, Calfrac Holdings, Calfrac, the Guarantors and the Trustee agree as follows for the equal and ratable benefit or the Holders of the Notes:

1. *Capitalized Terms*. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. *Agreement to Guarantee*. The Guaranteeing Subsidiary hereby provides an unconditional Subsidiary Guarantee on the terms and subject to the conditions set forth in the Indenture, including but not limited to Article X thereof. The Guaranteeing Subsidiary hereby guarantees, on a senior secured, second-lien, joint and several basis, to each Holder, to the Trustee and the successors and assigns of the Trustee on behalf of each Holder, the due and punctual payment of the Notes Obligations.

3. *Execution and Delivery*. The Subsidiary Guarantees shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Subsidiary Guarantee.

4. *No Recourse Against Others*. Pursuant to Section 12.07 of the Indenture, no director, officer, employee, incorporator, stockholder, shareholder, member, manager or partner of the Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Guaranteeing Subsidiary under the Notes, the Indenture, this Supplemental Indenture, any other Note Document, or for any claim based on, in respect of or by reason of, such obligations or their creation.

5. *Effect and Operation of Supplemental Indenture.*. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. Any reference in the Indenture to the Indenture, "hereof" or other words of like import shall be to the Indenture as so supplemented by this Supplemental Indenture. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby and entitled to the rights created hereunder. The Supplemental Indenture is a Note Document.

6. NEW YORK LAW TO GOVERN. THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE.

7. *Counterparts*. The parties hereto may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. Delivery of an executed counterpart of a signature page to this Supplemental Indenture by facsimile, email or other electronic means shall be effective as delivery of a manually executed counterpart of this Supplemental Indenture.

8. *Effect of Headings*. The Section headings herein are for convenience only and shall not affect the construction hereof.

9. *The Trustee*. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary and the Company.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

[NAME OF GUARANTEEING SUBSIDIARY]

By:_____
Name:
Title:

CALFRAC HOLDINGS LP

By: Calfrac (Canada) Inc.,
its general partner

By:_____
Name:
Title:

CALFRAC WELL SERVICES LTD.

By:_____
Name:
Title:

WILMINGTON TRUST, NATIONAL ASSOCIATION,
AS TRUSTEE AND COLLATERAL AGENT

By:_____
Name:
Title:

[EACH THEN EXISTING GUARANTOR]

By:_____
Name:
Title:

EXHIBIT F

FORM OF INTERCREDITOR AGREEMENT

Execution Version

INTERCREDITOR AND PRIORITY AGREEMENT

THIS AGREEMENT dated as of the 14th day of February, 2020, is

AMONG:

HSBC BANK CANADA, a Canadian chartered bank carrying on business in Calgary, Alberta, in its capacity as administrative agent and collateral agent for the First Lien Creditors (as hereinafter defined) (in such capacities, hereinafter referred to as the "**First Lien Credit Agreement Representative**")

- and -

WILMINGTON TRUST, NATIONAL ASSOCIATION, in its capacity as trustee and collateral agent for the Note Holders (as hereinafter defined), (in such capacities, hereinafter referred to as the "**Second Lien Representative**")

- and -

CALFRAC WELL SERVICES LTD., a corporation incorporated under the laws of the Province of Alberta, having its head office in Calgary, Alberta (the "**Borrower**")

- and -

CALFRAC WELL SERVICES CORP., a corporation incorporated under the laws of the State of Colorado, having its head office in Denver, Colorado ("**Calfrac US**")

- and -

CALFRAC HOLDINGS LP, a limited partnership formed under the laws of the State of Delaware ("**Calfrac Holdings**")

- and -

any agent or representative of Permitted Additional First Lien Debt Lenders (each a "**Permitted Additional First Lien Debt Representative**") from time to time party hereto

WHEREAS:

A. The Borrower is or may become indebted to (i) the First Lien Credit Agreement Representative and the First Lien Credit Agreement Lenders (or any of them) with respect to that certain amended and restated credit agreement made as of April 30, 2019 among the Borrower, as borrower, the First Lien Credit Agreement Lenders, as lenders, and the First Lien Credit Agreement Representative, as agent for the First Lien Credit Agreement Lenders, (such agreement, as further amended, supplemented, restated, replaced or Refinanced from time to time as herein permitted shall be herein referred to as the "**First Lien Credit Agreement**") and (ii) the Swap Lenders and the Cash Managers under the agreements and instruments evidencing the Secured Swap Obligations and the Cash Management Obligations (such terms and each other capitalized term used but not defined in these recitals shall have the meaning given to it in Section 1.1).

B. The Borrower may become indebted to any Permitted Additional First Lien Debt Representative that from time to time becomes a party hereto pursuant to this Agreement.

C. The First Lien Obligations are and shall continue to be secured by the First Lien Security on the Collateral.

D. Calfrac Holdings is or may become indebted to the Second Lien Representative and the Note Holders (or any of them) with respect to that certain indenture of even date herewith among Calfrac Holdings, as issuer, the Second Lien Representative, as trustee and collateral agent, and certain guarantors from time to time party thereto (such agreement, as amended, supplemented, restated, replaced or Refinanced from time to time as herein permitted shall herein be referred to as the "**Indenture**") pursuant to which, among other things, Calfrac Holdings has issued the Notes (as hereinafter defined).

E. The Second Lien Obligations shall be secured by the Second Lien Security on the Collateral.

F. The First Lien Credit Agreement and the Indenture require, among other things, that the parties hereto set forth in this Agreement, among other things, their respective rights, obligations and remedies with respect to the Collateral.

For good and valuable consideration and the covenants and conditions contained herein the parties agree as follows:

ARTICLE 1
DEFINITIONS

1.1 The following expressions used in this Agreement, including the preamble and the recitals, mean as follows:

"**Acceleration**" means acceleration of the principal outstanding under the First Lien Credit Agreement, any Permitted Additional First Lien Debt Agreements or the Notes under the Indenture, as applicable, including, without limitation, pursuant to a written demand therefor or notification thereof by the applicable Secured Party.

"**Agreement**" means this intercreditor and priority agreement, as it may be amended or otherwise modified, supplemented, restated or replaced from time to time.

"**BIA**" means the *Bankruptcy and Insolvency Act* (Canada), as may be amended from time to time.

"**Borrower**" has the meaning ascribed to it in the preamble hereto.

"**Business Day**" means a day on which banks are open for business in Calgary (Alberta), New York (New York) and Toronto (Ontario), but does not, in any event, include a Saturday or a Sunday.

"**Cash Management Arrangements**" means any arrangement entered into or to be entered into by the Borrower or any of the Guarantors in the ordinary course of business with a Cash Manager for, or in respect of, cash management services for the Borrower and the Guarantors, including centralized operating accounts, automated clearing house transactions, controlled disbursement services, treasury, depository, overdraft and electronic funds transfer services, foreign exchange facilities, currency exchange transactions, credit card processing services, credit or debit cards, purchase cards and any indemnity given in connection with any of the foregoing. For the avoidance of doubt, cash management arrangements (including the products, services and arrangements listed in this definition) that are entered into by the Borrower or a Guarantor shall not be considered to be entered into not in the ordinary course of business (a) solely due to the monetary amount of any obligations, liabilities or indebtedness owing at any time in connection

therewith or (b) by reason that the Borrower or a Guarantor has not entered into or is not otherwise engaged in such services prior to or as of the date hereof.

"**Cash Management Documents**" means, collectively, all agreements, instruments and other documents which evidence, establish, govern or relate to any or all of the Cash Management Arrangements.

"**Cash Management Obligations**" means, at any time and from time to time, all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Borrower and the Guarantors to the Cash Managers under, pursuant or relating to the Cash Management Arrangements and the Cash Management Documents and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including all principal, interest, fees, legal and other costs, charges and expenses and other amounts payable by the Borrower and the Guarantors under the Cash Management Arrangements and the Cash Management Documents.

"**Cash Managers**" means each Lender and the affiliates of each Lender which, from time to time, is a provider of Cash Management Arrangements to the Borrower and the Guarantors.

"**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada), as may be amended from time to time.

"**Cdn. $**" means lawful money of Canada for the payment of public and private debts.

"**Collateral**" means, collectively, the First Lien Collateral and the Second Lien Collateral.

"**Credit Facilities**" means the credit facilities granted pursuant to or as contemplated in the First Lien Credit Agreements or any Permitted Additional First Lien Debt Agreements and "**Credit Facility**" means any one of them.

"**Debtors**" means, collectively, the Borrower, Calfrac Holdings and the Guarantors and **"Debtor"** means any of them.

"Designated First Lien Representative" means (i) to the extent the First Lien Credit Agreement Obligations are the only First Lien Obligations, the First Lien Credit Agreement Representative, (ii) to the extent there are First Lien Credit Agreement Obligations and Permitted Additional First Lien Credit Obligations, the First Lien Credit Agreement Representative and (iii) to the extent there are Permitted Additional First Lien Credit Obligations but the Discharge of First Lien Credit Agreement Obligations has occurred, the Permitted Additional First Lien Debt Representative.

"**DIP Financing**" has the meaning ascribed to it in Section 6.4 hereof.

"**Discharge of First Lien Credit Agreement Obligations**" means, subject to Section 8.5, (a) payment in full in cash of the principal of and any interest thereon (including interest accruing during the pendency of any Insolvency Proceeding, regardless of whether allowed or allowable in such Insolvency Proceeding and expenses (including all legal fees and disbursements related to the preparation, negotiation and administration of the First Lien Credit Agreements and to any Enforcement Action (on a solicitor and his own client basis)) on all First Lien Credit Agreement Obligations, (b) payment in full in cash of all other First Lien Credit Agreement Obligations that are then due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid, (c) cancellation of or the entry into arrangements (including, without limitation, cash collateralization) reasonably satisfactory to the First Lien Credit Agreement Representative and the Operating Lender (as defined in the First Lien Credit Agreement) with respect to all letters of credit, letters of guarantee and bankers' acceptances issued and outstanding under the First Lien Credit Agreement, (d) termination of and payment in full of the Secured Swap Obligations and the Cash Management Obligations and all related fees, expenses, breakage and termination costs and other amounts owed in connection therewith (or, with respect to any particular Secured Swap Obligation, such other arrangements as have been

made by the Borrower and the applicable Swap Lender (and communicated to the First Lien Credit Agreement Representative) and (e) termination or expiration of all commitments to lend and all obligations to issue or extend letters of credit, letters of guarantee or bankers' acceptances under the First Lien Credit Agreement.

"**Discharge of First Lien Obligations**" means the Discharge of First Lien Credit Agreement Obligations and the Discharge of Permitted Additional First Lien Debt Obligations.

"**Discharge of Permitted Additional First Lien Debt Obligations**" means, subject to Section 8.5, (a) payment in full in cash of the principal of and any interest thereon (including interest accruing during the pendency of any Insolvency Proceeding, regardless of whether allowed or allowable in such Insolvency Proceeding and expenses (including all legal fees and disbursements related to the preparation, negotiation and administration of the Permitted Additional First Lien Debt Agreements and to any Enforcement Action (on a solicitor and his own client basis)) on all Permitted Additional First Lien Debt Obligations, (b) payment in full in cash of all other Permitted Additional First Lien Debt Obligations that are then due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid and (c) cancellation of or the entry into arrangements (including, without limitation, cash collateralization) reasonably satisfactory to the applicable Permitted Additional First Lien Debt Creditors in such amounts as such Permitted Additional First Lien Debt Creditors determine reasonably necessary to secure obligations in respect of Permitted Additional First Lien Debt Obligations.

"**Discharge of Second Lien Obligations**" means, subject to Section 8.6, (a) payment in full in cash of the principal of and any interest thereon (including interest accruing during the pendency of any Insolvency Proceeding, regardless of whether allowed or allowable in such Insolvency Proceeding and expenses (including all legal fees and disbursements related to the preparation, negotiation and administration of the Second Lien Agreements and to any Enforcement Action (on a solicitor and his own client basis)) on all Second Lien Obligations, (b) payment in full in cash of all other Second Lien Obligations that are then due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid and (c) cancellation of or the entry into arrangements (including, without limitation, cash collateralization) reasonably satisfactory to the applicable Second Lien Creditors in such amounts as such Second Lien Creditors determine reasonably necessary to secure obligations in respect of Second Lien Obligations.

"**Disposition**" means any sale, lease, exchange, transfer or other disposition, whether privately or through judicial process, and whether, directly or by a receiver, interim receiver or receiver-and-manager. "**Dispose**" shall have a correlative meaning.

"**Enforcement Action**" means an action under applicable law to (a) enforce, foreclose, execute, levy, or collect on, take possession or control of, sell or otherwise realize upon (judicially or non-judicially), or Dispose of (whether publicly or privately), Collateral, or otherwise exercise or enforce remedial rights with respect to Collateral under the First Lien Debt Agreements or the First Lien Security or the Second Lien Agreements or the Second Lien Security (including by way of setoff, recoupment, notification of a public or private sale or other Disposition pursuant to applicable law, notification to account debtors, notification to depositary banks under deposit account control agreements, or exercise of rights under landlord consents, if applicable), (b) solicit bids from third parties to conduct the liquidation or Disposition of Collateral or to engage or retain sales brokers, marketing agents, or auctioneers for the purposes of marketing, promoting and selling Collateral, (c) receive a transfer of Collateral in satisfaction of any obligation secured thereby or (d) otherwise enforce a Lien or exercise a remedy, as a secured creditor or otherwise, in equity, or pursuant to the First Lien Debt Agreements or the First Lien Security or the Second Lien Agreements or the Second Lien Security (including the commencement of applicable legal proceedings or other actions with respect to all or any portion of the Collateral to facilitate the actions described in the preceding clauses and exercising voting rights in respect of equity interests comprising Collateral); *provided* that "Enforcement Action" will also be deemed to include the commencement of, or joinder in filing of an application or a petition for commencement of, an Insolvency Proceeding against the owner of Collateral.

"**First Lien Collateral**" means all Property of a Debtor, whether real, personal or mixed, now or at any time hereafter subject to Liens securing any First Lien Obligations.

"**First Lien Credit Agreement**" has the meaning ascribed to it in the recitals hereto.

"First Lien Credit Agreement Creditors" means, collectively, the First Lien Credit Agreement Representative, the First Lien Credit Agreement Lenders, the Swap Lenders and the Cash Managers and "**First Lien Credit Agreement Creditor**" means any one of them.

"**First Lien Credit Agreements**" has the meaning ascribed to it in the definition of "First Lien Credit Agreement Obligations".

"**First Lien Credit Agreement Lenders**" means HSBC Bank Canada and the other banks and financial institutions party to the First Lien Credit Agreement, from time to time, as lenders thereunder.

"**First Lien Credit Agreement Obligations**" means: (a) all "Obligations" under (and as defined in) the First Lien Credit Agreement, (b) with respect to any other secured credit agreement, loan agreement, note agreement, promissory note, indenture or other agreement or instrument evidencing or governing the terms of any Refinancing Indebtedness of First Lien Credit Agreement Obligations (collectively, the "**First Lien Credit Agreement Refinancing Agreements**" and together with the First Lien Credit Agreement and any agreement or instrument evidencing or governing the Secured Swap Obligations and the Cash Management Obligations, the "**First Lien Credit Agreements**"), such Refinancing Indebtedness in respect of First Lien Credit Agreement Obligations and (c) all Secured Swap Obligations and Cash Management Obligations, including, without limitation: (i) all principal of and interest (including, without limitation, any interest accruing during the pendency of any Insolvency Proceeding regardless of whether allowed or allowable in such Insolvency Proceeding) and premium (if any) on all loans made or other indebtedness issued or incurred pursuant thereto, (ii) all reimbursement obligations (if any) and interest thereon (including, without limitation, any interest accruing during the pendency of any Insolvency Proceeding regardless of whether allowed or allowable in such Insolvency Proceeding) with respect to any bankers' acceptance, letter of credit, letter of guarantee or similar instruments, in each case, issued pursuant thereto and (iii) all guarantee obligations, fees, expenses and other amounts payable from time to time pursuant to the applicable documents relating thereto, in each case whether or not allowed or allowable in an Insolvency Proceeding.

"**First Lien Credit Agreement Refinancing Agreements**" has the meaning ascribed to it in the definition of "First Lien Credit Agreement Obligations".

"**First Lien Credit Agreement Representative**" has the meaning ascribed to it in the preamble hereto.

"**First Lien Credit Agreement Required Lenders**" means means the "Majority of the Lenders", as defined in the First Lien Credit Agreement or, if the First Lien Credit Agreement Obligations outstanding under the First Lien Credit Agreements are Refinanced as contemplated by Section 8.5, as defined in the First Lien Credit Agreement Refinancing Agreements.

"**First Lien Creditors**" means the First Lien Credit Agreement Creditors and the Permitted Additional First Lien Debt Creditors.

"**First Lien Debt Agreements**" means the First Lien Credit Agreements and the Permitted Additional First Lien Debt Agreements.

"**First Lien Obligations**" means the First Lien Credit Agreement Obligations and the Permitted Additional First Lien Debt Obligations.

"**First Lien Refinancing Notice**" has the meaning ascribed to it in Section 8.5 hereof.

"**First Lien Representative**" means the First Lien Credit Agreement Representative and any Permitted Additional First Lien Debt Representative.

"**First Lien Security**" means all present and future "Security" (as defined in the First Lien Credit Agreement) granted to the First Lien Representatives by a Debtor to secure the First Lien Obligations, together with all other or additional security as may have been previously or may hereafter be granted by a Debtor to secure the First Lien Obligations.

"**First Priority Liens**" means all Liens on the Collateral securing the First Lien Obligations, whether created under the First Lien Security or acquired by possession, statute (including any judgment lien), operation of law, subrogation or otherwise.

"**Guarantors**" means, collectively, Calfrac US and any other person which becomes a Guarantor pursuant to Section 7.1 hereof.

"**Indenture**" has the meaning ascribed to it in the recitals hereto.

"**Insolvency Proceeding**" has the meaning ascribed to it in Section 4.1 hereof.

"**Intercreditor Agreement Joinder**" means with respect to the provisions of this Agreement relating to any Permitted Additional First Lien Debt or Refinancing of the Notes or the First Lien Debt Agreements, an agreement substantially in the form of Exhibit A-I, A-II or A-III, as applicable.

"**Liens**" means any mortgage, lien, pledge, charge (whether fixed or floating), security interest, conditional sale or title retention agreement (other than leases of office space and operating leases in respect of tangible personal property which are not in the nature of financing transactions) or other encumbrance of any kind, contingent or absolute but excludes any contractual right of set off created in the ordinary course of business and any writ of execution, or other similar instrument, arising from a judgment relating to the non-payment of indebtedness.

"**New First Lien Debt Agreements**" has the meaning ascribed to it in Section 8.5 hereof.

"**New First Lien Obligations**" has the meaning ascribed to it in Section 8.5 hereof.

"**New First Lien Representative**" has the meaning ascribed to it in Section 8.5 hereof

"**New Second Lien Debt Agreements**" has the meaning ascribed to it in Section 8.6 hereof.

"**New Second Lien Obligations**" has the meaning ascribed to it in Section 8.6 hereof.

"**New Second Lien Representative**" has the meaning ascribed to it in Section 8.6 hereof.

"**Note Holder**" means each registered holder of Notes.

"**Notes**" means the 10.875% second lien secured notes due March 15, 2026 issued by Calfrac Holdings.

"**Notice of Event of Default**" has the meaning ascribed to it in Section 2.1 hereof.

"**Obligations**" means, collectively, the First Lien Obligations and the Second Lien Obligations.

"**Permitted Additional First Lien Debt Agreements**" has the meaning ascribed to it in the definition of "Permitted Additional First Lien Debt Obligations".

"Permitted Additional First Lien Debt Creditors" means, collectively, any Permitted Additional First Lien Debt Representative and all Permitted Additional First Lien Debt Lenders.

"**Permitted Additional First Lien Debt Intercreditor Arrangements**" means all arrangements required by the First Lien Credit Agreement Representative relating to the priority of First Lien Security in connection with the establishment of any Permitted Additional First Lien Debt Obligations including, without limitation, the execution and delivery of an intercreditor and priority agreement on terms and conditions satisfactory to the First Lien Credit Agreement Representative, acting reasonably.

"**Permitted Additional First Lien Debt Lenders**" means all banks and financial institutions party to any Permitted Additional First Lien Debt Agreement, from time to time, as lenders thereunder.

"**Permitted Additional First Lien Debt Obligations**" means: (a) any secured indebtedness (other than the First Lien Credit Agreement Obligations) that is expressly permitted under the First Lien Credit Agreement and the Indenture; provided, however, that any Permitted Additional First Lien Debt Representative in respect of such indebtedness shall have executed and delivered an Intercreditor Agreement Joinder and entered into Permitted Additional First Lien Debt Intercreditor Arrangements with the First Lien Credit Agreement Representative and (b) with respect to any other secured credit agreement, loan agreement, note agreement, promissory note, indenture or other agreement or instrument evidencing or governing the terms of any Refinancing Indebtedness of Permitted Additional First Lien Debt Obligations (collectively, with any such agreement or instrument evidencing or governing the terms of the secured indebtedness in clause (a), the "**Permitted Additional First Lien Debt Agreements**"), such Refinancing Indebtedness.

"**Permitted Additional First Lien Debt Representative**" has the meaning ascribed to it in the preamble hereto.

"**Plan**" means a plan or compromise, arrangement or reorganization in any Insolvency Proceeding.

"**Property**" means any interest in any kind of property, asset, undertakings, rights and interests, whether real, personal, mixed or profits a prendre, or tangible or intangible, including cash, securities, accounts and contract rights.

"**Proposal**" means a proposal under the BIA.

"**Reallocable Payment**" has the meaning ascribed to it in Section 3.6 hereof.

"**Refinance**" means, in respect of any Obligations, to refinance, extend, renew, restructure or replace, or to issue other indebtedness in exchange or replacement for, such Obligations, in whole or in part, and "**Refinanced**" and "**Refinancing**" shall have correlative meanings.

"**Refinancing Indebtedness**" means indebtedness that Refinances First Lien Obligations or Second Lien Obligations pursuant to Section 8.5 or 8.6, as applicable.

"**Release**" has the meaning ascribed to it in Section 5.3 hereof.

"Required First Lien Debtholders" means to the extent the First Lien Credit Agreement Obligations are the only First Lien Obligations, the First Lien Credit Agreement Required Lenders, (ii) to the extent there are First Lien Credit Agreement Obligations and Permitted Additional First Lien Credit Obligations, the First Lien Credit Agreement Required Lenders and (iii) to the extent there are Permitted Additional First Lien Credit Obligations but the Discharge of First Lien Credit Agreement Obligations has occurred, the holders of a majority (subject to any voting restrictions contained in any Permitted Additional First Lien Debt Agreements for "defaulting lenders" and other lenders that are not entitled to vote) of the sum of the aggregate principal amount of Permitted Additional Debt First Lien Obligations outstanding and of commitments with respect thereto, if any.

"Restricted Rights" has the meaning ascribed to it in Section 5.1(a) hereof.

"**Second Lien Agreements**" has the meaning ascribed to it in the definition of "Second Lien Obligations".

"**Second Lien Collateral**" means all Property of a Debtor, whether real, personal or mixed, now or at any time hereafter subject to Liens securing any Second Lien Obligations.

"Second Lien Creditors" means, collectively, the Second Lien Representative and the Note Holders, and "**Second Lien Creditor**" means any one of them.

"**Second Lien Obligations**" means: (a) all "Obligations" (as defined in the Indenture) and (b) with respect to any other credit agreement, loan agreement, note agreement, promissory note, indenture or other agreement or instrument evidencing or governing the terms of any Refinancing Indebtedness (collectively, together with the Indenture, the "**Second Lien Agreements**"), such Refinancing Indebtedness, including, without limitation: (i) all principal and interest (including, without limitation, any interest accruing during the pendency of any Insolvency Proceeding regardless of whether allowed or allowable in such Insolvency Proceeding) and premium (if any) on all loans made or other indebtedness issued or incurred pursuant thereto and (ii) all guarantee obligations, fees, expenses and other amounts payable from time to time pursuant thereto, in each case whether or not allowed or allowable in an Insolvency Proceeding.

"**Second Lien Refinancing Notice**" has the meaning ascribed to it in Section 8.6 hereof.

"**Second Lien Representative**" shall have the meaning ascribed to it in the preamble hereto.

"**Second Lien Security**" means all present and future "Collateral" (as defined in the Indenture) granted to the Second Lien Representative by a Debtor to secure the Second Lien Obligations, together with all other or additional security as may hereafter be granted by a Debtor to secure the Second Lien Obligations.

"**Second Priority Liens**" means all Liens on the Collateral securing the Second Lien Obligations, whether created under the Second Lien Security or acquired by possession, statute (including any judgment Lien), operation of law, subrogation or otherwise.

"**Secured Parties**" means the First Lien Creditors (and each First Lien Representative on their behalf) and the Note Holders (and the Second Lien Representative on their behalf), as the case may be, including each of their respective successors and permitted assigns and "**Secured Party**" means any one of them.

"**Secured Swap Obligations**" means any "Lender Financial Instrument Obligations" (as such term is defined in the First Lien Credit Agreement or, if the First Lien Credit Agreement Obligations outstanding under the First Lien Credit Agreements are Refinanced as contemplated by Section 8.5, as defined in the New First Lien Credit Agreements).

"Standstill Period" has the meaning ascribed to it in Section 5.1(a) hereof.

"**Swap Lenders**" means the lenders from time to time under the First Lien Credit Agreement and each of their "Hedging Affiliates" (as such term is defined in the First Lien Credit Agreement), or if the First Lien Obligations outstanding under the First Lien Credit Agreements are Refinanced as contemplated by Section 8.5, as defined in the New First Lien Credit Agreements.

"Trigger Event" has the meaning ascribed to it in Section 4.4 hereof.

"**U.S. Bankruptcy Code**" means Title 11 of the United States Code, as amended.

"**WURA**" means the Winding-up and Restructuring Act (Canada), as may be amended from time to time.

1.2 In this Agreement:

(a) headings are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement;

(b) words importing the singular number include the plural and vice versa and words importing gender include masculine, feminine and neuter;

(c) references to "**herein**", "**hereunder**" and similar expressions shall be a reference to this Agreement and not to any particular section;

(d) references to "**in writing**" or "**written**" include printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including by facsimile;

(e) unless otherwise noted, all references to "**Section**" refer to a section, subsection or paragraph of this Agreement, as the case may be;

(f) words and terms denoting inclusiveness (such as "**include**", "**includes**" or "**including**"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them; and

(g) all monetary references herein shall be to Canadian dollars except as specifically noted herein.

ARTICLE 2
NOTICE OF EVENT OF DEFAULT

2.1 Without limiting the other terms of this Agreement, if a Secured Party (a) causes an Acceleration to take place, (b) issues a notice of intention to enforce security pursuant to section 244 of the BIA, (c) commences or initiates an Enforcement Action under the First Lien Security or the Second Lien Security, as applicable, over the Collateral, or any part thereof, (d) commences any action or proceeding to enforce, collect or receive payment of its respective Obligations or (e) has actual knowledge of the occurrence of a continuing default or event of default under its Credit Facility or the Notes, then such Secured Party shall, as soon as is practicable in the circumstances with the occurrence of any of the events referred to above, notify the other Secured Parties (or the First Lien Representatives or the Second Lien Representative, as applicable, on their behalf) of such event, together with reasonable particulars thereof (a "**Notice of Event of Default**"). Without limiting the other terms of this Agreement, no First Lien Representative shall be liable to the Second Lien Representative and the Second Lien Representative shall not be liable to the any First Lien Representative, as the case may be, for any accidental failure to give a Notice of Event of Default pursuant to this Section 2.1 and the failure to give the notices required pursuant this Section 2.1 shall not release, restrict or otherwise affect any of the obligations of the Secured Parties hereunder nor limit, derogate from or otherwise affect any of the other provisions hereof or the effect thereof.

ARTICLE 3
PRIORITY OF LIENS; PAYMENTS

3.1 Each First Lien Representative acknowledges and consents to:

(a) the Second Lien Obligations, including the issuance of the Notes under the Indenture, on and subject to the terms of the Indenture; and

(b) the granting by the Debtors of the Second Lien Security.

3.2 The Second Lien Representative acknowledges and consents to:

(a) the First Lien Obligations, including (i) the borrowings under the First Lien Credit Agreement, on and subject to the terms of the First Lien Credit Agreement and the other documents governing the Cash Management Obligations and the Secured Swap Obligations and (ii) any borrowings under the Permitted Additional First Lien Debt Agreements on and subject to the terms of the Permitted Additional First Lien Debt Agreements; and

(b) the granting by the Debtors of the First Lien Security.

3.3 The parties hereto agree that it is their intention that the First Lien Collateral and the Second Lien Collateral are to be identical (other than with respect to the first lien and second lien nature of the Obligations thereunder), and, so long as the Discharge of First Lien Obligations has not occurred, the Debtors shall not (and shall ensure that no subsidiary of a Debtor shall):

(a) subject to Section 4.2 and Section 7.1, grant or permit any additional Liens on any Property to secure any Second Lien Obligations unless it has granted, or concurrently therewith grants, a senior Lien on such Property to secure the First Lien Obligations subject to the terms of this Agreement, or

(b) subject to Section 7.1, grant or permit any additional Liens on any Property to secure any First Lien Obligations unless it has granted, or concurrently therewith grants, a junior Lien on such Property to secure the Second Lien Obligations subject to the terms of this Agreement,

in each case, with each such Lien and any Collateral relating thereto or proceeds thereof to be subject to the provisions of this Agreement.

Notwithstanding the terms hereof, each First Lien Representative acknowledges and agrees that Calfrac Holdings may deposit funds in trust with the Second Lien Representative (or any other trustee as required under the Indenture) in accordance with the defeasance and discharge provisions set out in the Indenture to the extent (i) no Notice of Event of Default has been delivered, (ii) Calfrac Holdings is permitted to do so under applicable law without preference and under the Indenture and (iii) it is not prohibited from doing so under any of the First Lien Debt Agreements, without providing such trust monies or cash collateral, as applicable, to the other Secured Parties.

3.4 Without in any way derogating from Article 10 hereof, notwithstanding the dates of execution and delivery of the First Lien Security or the Second Lien Security, the dates of attachment, filing or perfecting thereof, the giving of notice in respect thereof, the nature of the Liens granted therein, the date of default by a Debtor under the First Lien Security or the Second Lien Security, the time of crystallization thereof, the dates of any advances or the institution of any proceedings thereunder, any priority granted by a principle of law or any statute (including, for certainty and without limitation, applicable law or statute of the United States of America or any state thereof), including the *Personal Property Security Act* (Alberta), the *Land Titles Act* (Alberta),the *Law of Property Act* (Alberta), the *Mines and Minerals Act* (Alberta), the BIA, the CCAA, or any similar statutes in Alberta or any other jurisdiction, but subject in all events to the terms and conditions of this Agreement, except as expressly set out herein,

(a) any First Priority Lien now or hereafter held by or for the benefit of the First Lien Creditors (or any of them) shall be senior in right, priority, operation, effect and all other respects to any and all Second Priority Liens;

(b) any Second Priority Lien now or hereafter held by or for the benefit of the Second Lien Representative and the Note Holders (or any of them) shall be junior and subordinate in right, priority, operation, effect and all other respects to any and all First Priority Liens; and

(c) the First Priority Liens shall be and remain senior in right, priority, operation, effect and all other respects to any Second Priority Liens for all purposes, whether or not any First Priority Liens are subordinated in any respect to any other Lien securing any other obligation of a Debtor or any other person.

3.5 Without in any way derogating from Article 10 hereof, so long as the Discharge of First Lien Obligations has not occurred, and regardless of whether an Insolvency Proceeding has been commenced, any Collateral or proceeds thereof received by the Designated First Lien Representative in connection with any Disposition of, or collection on, such Collateral following an Enforcement Action shall be applied by the Designated First Lien Representative to the First Lien Obligations (including to cash collateralize such First Lien Obligations) together with concurrent and permanent reduction of any revolving credit commitment thereunder in an amount equal to the amount of such application of Collateral or proceeds thereof. Upon the Discharge of First Lien Obligations, the Designated First Lien Representative shall deliver to the Second Lien Representative any remaining Collateral and any proceeds thereof then held by it in the same form as received, together with any necessary endorsement or assignment, or as a court of competent jurisdiction may otherwise direct, to be applied by the Second Lien Representative to the Second Lien Obligations.

3.6 If, after the issuance of a Notice of Event of Default that has not been rescinded in writing, any Secured Party receives any payment, benefit, Collateral, or distribution, whether voluntary or involuntary, all or part of which payment, benefit or distribution (the "**Reallocable Payment**") should have, by virtue of Section 3.3, Section 3.4 or Section 3.5 hereof, been paid to another Secured Party, then the applicable receiving Secured Party shall hold the Reallocable Payment received by it in trust for such other Secured Party (in the case of a payment received by the Note Holders or the Second Lien Representative, in trust for the Designated First Lien Representative or in the case of receipt by any First Lien Creditor, in trust for the Second Lien Representative) and shall forthwith notify and pay to such other Secured Party, in the form received with any necessary endorsement or assignment, the Reallocable Payment for application against the First Lien Obligations or the Second Lien Obligations, as applicable. For certainty, any Secured Party shall be liable for and shall hold in trust the Reallocable Payment only to the extent actually received.

3.7 Without in any way derogating from Article 10 hereof, the rights and priorities of the Secured Parties in connection with the Obligations are as set out in this Agreement and the Lien subordinations provided for herein shall apply in all events and circumstances, notwithstanding any other priorities which any Secured Party may have or to which it is or may become entitled by any reason whatsoever including, without limitation:

(a) the time, sequence or order of creating, granting, executing, delivering or registering any security document or security notice, caveat, financing statement or other similar document under the First Lien Security or the Second Lien Security;

(b) the date of any advance of funds made by a Secured Party under its Credit Facility or in respect of the Notes, as applicable;

(c) the date or dates of any default by a Debtor under the First Lien Debt Agreements, the First Lien Security, the Indenture, the Second Lien Security or any other agreement or documentation in relation thereto;

(d) the time or order of giving any notice or the making of any demand under any of the Credit Facilities or the Notes, as applicable, or the attachment, perfection or crystallization of any security interest constituted by the First Lien Security or the Second Lien Security;

(e) the date of or the giving of any Notice of Event of Default or the failure to give such notice;

(f) the date of appointment of any trustee in bankruptcy, interim receiver, receiver or receiver-manager of a Debtor, or the exercise of any other collection, enforcement or realization rights or remedies, or the taking of any collection, enforcement or realization proceedings pursuant to a Credit Facility or the Notes, as applicable;

(g) the date of obtaining any judgment of any court administering bankruptcy, insolvency or similar proceedings as to any Property of a Debtor or the commencement of any Insolvency Proceeding;

(h) the giving or failure to give any notice, or the order of giving any notice to a Debtor, or any other person including, without limitation, any person indebted to a Debtor;

(i) the failure to exercise any power or remedy reserved to any Secured Party under any of its Credit Facilities or the Notes, as applicable, or to insist upon a strict compliance with any of the terms thereof;

(j) any other factor of legal relevance including, without limitation, any priority granted to any Secured Party by any applicable principle of law or equity; or

(k) any amendments or other actions allowed under Section 8.1 and 8.2 hereof.

3.8 No Secured Party shall, by virtue of this Agreement, be required to perform and shall not be considered to have assumed any liability or obligation of the Debtors, as applicable, or its predecessors in respect of its Credit Facility or the Notes, as applicable.

3.9 Other than the Secured Parties or their successors or permitted assigns, no creditor of a Debtor, and no trustee in bankruptcy, receiver, interim receiver, receiver-manager or monitor of a Debtor, and no other person shall be entitled to any benefit under this Agreement including, without limitation, to claim any priority over any of the Secured Parties and this Agreement may not be relied upon by any other party in any proceeding or Insolvency Proceeding by any party not a signatory hereto other than as set forth herein.

3.10 Nothing contained in this Agreement is intended to or shall impair the Obligations, including without limitation, the obligations of the Borrower or Calfrac Holdings, as applicable, to pay to each of the Secured Parties, the debts and liabilities secured by the First Lien Security and the Second Lien Security, respectively, including the principal thereof and the interest thereon as and when the same shall become due and payable in accordance with their respective terms. Nothing contained in this Agreement is intended to or shall prevent the Secured Parties from exercising all remedies permitted by applicable law upon default under the terms of the First Lien Security and the Second Lien Security, respectively, subject to the priorities created by and the subordinations contained in this Agreement and subject to Article 5, Article 10, the Permitted Additional First Lien Debt Intercreditor Arrangements and the other provisions of this Agreement.

3.11 Upon the written request of the Designated First Lien Representative, acting reasonably, the Second Lien Representative shall file, or cause to be filed, at the sole cost of the Debtors, such financing change statements at the Alberta Personal Property Registry and make any other recordations or filings in any other registry or office in order to reflect the priorities set out in Section 3.4 hereof.

3.12 Notwithstanding any other term or condition hereof, no First Lien Representative shall have any obligation to the Second Lien Representative and the Second Lien Representative shall have no claim against any monies in any account of any Debtor maintained at any First Lien Representative or any monies deposited in or disbursed from any such account, except to the extent of amounts deposited to such an account after the delivery by the Second Lien Representative to each First Lien Representative of a Notice of Event of Default and after the Discharge of First Lien Obligations (provided, however, that the proceeds of any such account remain subject to the Second Priority Liens and the other provisions of this Article 3). Each

Debtor authorizes each First Lien Representative to put any account of such Debtor on restraint upon and following the delivery of any Notice of Event of Default by any Secured Party.

3.13 Notwithstanding any other term or condition hereof, to the extent that any Lien on any Collateral is perfected by the possession or control of such Collateral or of any account in which such Collateral is held, and if such Collateral or any such account is in fact in the possession or under the control of the Designated First Lien Representative, or of agents or bailees of the Designated First Lien Representative, the perfection actions and related deliverables described in this Agreement or the other Security Documents shall be deemed satisfied as to such Collateral.

3.14 The Second Lien Representative acknowledges that the First Lien Credit Agreement provides for revolving credit facilities and, prior to the occurrence of an acceleration under the First Lien Credit Agreement, the amount of any loans or advances made thereunder may be repaid by the Borrower without any reduction in the commitments or the maximum principal amount available thereunder and thereafter re-borrowed.

ARTICLE 4
PRIORITY OF LIENS

4.1 In the event of any insolvency or bankruptcy proceeding or any receivership, interim-receivership, liquidation, arrangement, reorganization, restructuring or similar proceedings (including any plan of arrangement or compromise under any statute or law (including, for certainty and without limitation, the U.S. Bankruptcy Code and any other statute or law of United States of America or any state thereof) where a corporation proposes an arrangement involving a compromise or conversion of liabilities) in connection therewith relative to a Debtor or its Property, or in the event of any proceedings for voluntary liquidation, dissolution or winding up of a Debtor under the BIA, the CCAA, the WURA or any other applicable statute or law (including, for certainty and without limitation, the U.S. Bankruptcy Code and any other statute or law of United States of America or any state thereof), or in the event of a Proposal by a Debtor (or the filing of a notice of intention to make a proposal) or in the event of any corporate reorganization of a Debtor to which either the Designated First Lien Representative or the Second Lien Representative does not consent in advance (collectively, "**Insolvency Proceeding**"):

(a) Expressly subject to the provisions of the Permitted Additional First Lien Debt Intercreditor Arrangements, each First Lien Representative, on behalf of itself and each applicable First Lien Creditor under its First Lien Debt Agreements, shall first be entitled to receive from the proceeds of the Collateral indefeasible payment in full of the First Lien Obligations under the First Lien Debt Agreements, in cash before the Second Lien Representative shall be entitled to receive and retain any payment or distribution on account of the Second Lien Obligations from proceeds of the Collateral and, as between the First Lien Representatives, on behalf of the First Lien Creditors, and the Second Lien Representative, the First Lien Representatives shall be entitled to receive from proceeds of the Collateral for application in payment of the First Lien Obligations any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such Insolvency Proceeding in respect of the Second Lien Obligations until the First Lien Obligations are indefeasibly paid in full in cash; and

(b) the Second Lien Representative shall, if and only if a Discharge of First Lien Obligations has occurred, be thereafter entitled to any payment or distribution from proceeds of the Collateral to the extent of the Second Lien Obligations and provided and effective only after each First Lien Representative has received in full in cash, and is entitled to retain, final and irrevocable payment of the First Lien Obligations. The First Lien Representatives' rights, whether at law, in equity, under the First Lien Security or otherwise, to each and all distributions of said remaining proceeds shall, following Discharge of First Lien Obligations, be subordinated to the rights of the Second Lien Representative under the Second Lien Security to the extent of the Second Lien Obligations.

For greater certainty, if, in the event of a distribution, division or application of all or any part of the Collateral, a Discharge of First Lien Obligations has not occurred out of the proceeds therefrom, any proceeds received by or on behalf of the Second Lien Representative in respect of proceeds of Collateral shall be received and held in trust for the Designated First Lien Representative and constitute a Reallocable Payment under Section 3.6 up to the amount that is required to Discharge the First Lien Obligations.

4.2 Unless the Designated First Lien Representative is concurrently taking action to effect a registration of a fixed charge and the Second Lien Representative is permitted to do so under the Indenture, the Second Lien Representative shall not register any fixed charge against any assets of any Debtor in respect of or as security for the Second Lien Obligations except to the extent it has provided the Designated First Lien Representative with 10 Business Days prior written notice of its intention to register such fixed charge security, together with true copies of the registrable security proposed to be registered by it and the Second Lien Representative can only effect such fixed charge after the Designated First Lien Representative has effected its registration of fixed charge security on the subject assets or has failed to commence action to effect a registration of such fixed charge within 10 Business Days of receipt of the notice referenced above. Any fixed charge security registered in favour of the Second Lien Representative shall nonetheless be subject to the Lien subordinations provided for in Section 3.4 and the other provisions of this Agreement.

4.3 Each of the Secured Parties, as the case may be, and the Debtors shall, at any time or times upon the reasonable written request of the relevant Secured Party, promptly furnish to the other Secured Party true, correct and complete statements of the outstanding Obligations.

4.4 The Second Lien Creditors may, but shall not be obligated to, following the occurrence of (each a **"Trigger Event"**):

(a) the Acceleration of the principal of the First Lien Obligations;

(b) termination of all commitments to lend and all obligations to issue or extend letters of credit or letters of guarantee under the First Lien Credit Agreement (except in the case of a termination by the Borrower in connection with a Discharge of First Lien Obligations);

(c) an Enforcement Action by the Designated First Lien Representative (or any person authorized by it) with respect to all or substantially all of the Collateral;

(d) the Disposition of all or substantially all of the First Lien Collateral that results in the release of the Lien of the First Lien Creditors thereon (except in connection with a Discharge of First Lien Obligations); or

(e) the commencement of an Insolvency Proceeding against any Debtor by any First Lien Creditor or First Lien Representative on behalf of the First Lien Creditors,

within thirty (30) days (or such longer period as the Designated First Lien Representative may agree to, in its sole discretion) after the Second Lien Representative has notice from the Designated First Lien Representative that a Trigger Event has occurred (which notice the Designated First Lien Representative shall provide the Second Lien Representative as soon as practicable in the circumstances following a Trigger Event), unconditionally and irrevocably purchase in full all (but not less than all) of the First Lien Obligations at par, and upon receipt in full of such payment (in immediately available funds) and arrangements (including cash collateralization) reasonably satisfactory to the Operating Lender and the Swap Lenders with respect to any letters of credit or letters of guarantee or outstanding exposure under any agreements evidencing Secured Swap Obligations by the Designated First Lien Representative, the Designated First Lien Representative and the First Lien Creditors shall assign to the Second Lien Representative or its designee, free and clear of encumbrances, all of the rights of the First Lien Representative and the First Lien Creditors under and pursuant to each of the First Lien Credit Agreement and the First Lien Security on an "as is" basis, without representation (other

than standard LSTA representations associated with assignments of loans and commitments) or warranty and without any recourse to or liability of any First Lien Representative or the First Lien Creditors, by assignment in form acceptable to the Designated First Lien Representative; *provided*, that such assignment shall not conflict with any law, rule or regulation or order of any court or other governmental authority having jurisdiction and; *provided, further,* that each First Lien Creditor will retain all rights to indemnification provided by any Debtor in the relevant First Lien Debt Agreements for all claims and other amounts relating to periods prior to the purchase of the First Lien Obligations pursuant to this Section 4.4. Nothing in this Agreement shall restrict the Second Lien Representative in the exercise of any rights under the Indenture or the Second Lien Security for the purpose of exercising any rights under this Section 4.4. For clarity, the Second Lien Representative shall not be subrogated to, or be entitled to any assignment of any of the First Lien Obligations or of the First Lien Security until all First Lien Obligations, as identified in the Designated First Lien Representative's notices set forth above, are irrevocably, indefeasibly paid to the Designated First Lien Representative in full. The Designated First Lien Representative shall promptly provide to the Second Lien Representative a written statement of the outstanding First Lien Obligations following the receipt of a request from the Second Lien Representative in connection with an exercise of rights under this Section 4.4.

Calfrac Holdings acknowledges and agrees that any payments or distributions in cash, property, or other assets received by the Second Lien Representative that are paid over to the Designated First Lien Representative, whether pursuant to or by virtue of this Agreement, applicable law, or otherwise, shall not in any event reduce any of the Second Lien Obligations owing by Calfrac Holdings to the Second Lien Representative and the Note Holders (and each of them).

4.5 The Borrower acknowledges and agrees that any payments or distributions in cash, property, or other assets received by any First Lien Representative that are paid over to the Second Lien Representative, whether pursuant to or by virtue of this Agreement, applicable laws or otherwise, shall not in any event reduce any of the First Lien Obligations owing by the Borrower to the First Lien Creditors (and each of them).

ARTICLE 5
STANDSTILL AND RELEASE

5.1

(a) Neither the Second Lien Representative nor any Note Holder shall take any Enforcement Action under the Second Lien Security or initiate or commence an Insolvency Proceeding (or consent to or support any other person in taking any such actions) (the "**Restricted Rights**"), until at least 180 days after the date the Second Lien Representative has given to each First Lien Representative a written notice of the occurrence of an Event of Default under and as defined in the Indenture, that repayment of all of the Second Lien Obligations has been Accelerated and that the Note Holders are seeking to enforce, exercise, institute or commence (as the case may be) Restricted Rights (the "**Standstill Period**"); provided that, notwithstanding anything herein to the contrary, in no event shall any Note Holder or the Second Lien Representative be entitled to enforce or exercise any Restricted Rights if, notwithstanding the expiration of the Standstill Period, the First Lien Creditors or the Designated First Lien Representative on behalf of the First Lien Creditors: (i) shall have commenced and be diligently pursuing the exercise of their rights or remedies with respect to all or substantially all of the Collateral or (ii) are stayed or otherwise precluded from pursuing such rights or remedies pursuant to applicable laws or Insolvency Proceedings (including pursuant to any order made in connection therewith). For certainty, if the Second Lien Representative or any Note Holder is entitled to proceed with any Enforcement Action or to exercise any Restricted Rights following the expiry of the Standstill Period, it is hereby acknowledged and agreed that (A) the Second Priority Lien remains junior and subordinate in right, priority, operation, effect and all other respects to any and all First Priority Liens and (B) the First Lien Representatives shall be entitled to receive from the proceeds of the Collateral indefeasible payment in full of the First Lien Obligations under the First Lien Debt Agreements.

(b) Notwithstanding Section 5.1(a), the Second Lien Representative on behalf of the Note Holders may at any time:

(i) accelerate the Second Lien Obligations in accordance with the Second Lien Agreements;

(ii) file any proof of claim with respect to the Second Lien Obligations in an Insolvency Proceeding (provided that such proof of claim shall not include a claim to priority that is equal to or in priority to the First Lien Obligations;

(iii) take any action in order to create, perfect, preserve or protect (but not enforce) the Second Lien Security against the Collateral;

(iv) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims of any Note Holder, including any claims secured by the Second Lien Collateral, if any;

(v) file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Debtors arising under any insolvency law or other applicable law, so long as (x) no Restricted Rights are commenced or exercised and (y) no action or proceeding for enforcement, realization, foreclosure, collection, seizure, garnishment or execution (in any case in respect of the Collateral and, for certainty, whether as a secured or an unsecured creditor) is instituted or commenced;

(vi) exercise any of their rights or remedies with respect to the Collateral after the termination of the Standstill Period but only to the extent permitted by Section 5.1(a) which, for certainty, prohibits any Note Holders or the Second Lien Representative from enforcing exercising any Restricted Rights if, notwithstanding the expiry of the Standstill Period, the First Lien Creditors or the Designated First Lien Representative on behalf of the First Lien Creditors: (A) shall have commenced and be diligently pursuing the exercise of their rights or remedies with respect to all or substantially all of the Collateral or (B) are stayed or otherwise precluded from pursuing such rights or remedies pursuant to applicable laws or Insolvency Proceedings (including pursuant to any order made in connection therewith);

(vii) impose the default rate of interest under the Indenture;

(viii) receive any payment or distribution under or pursuant to a plan of reorganization, plan of arrangement or similar dispositive restructuring plan which has been confirmed pursuant to a final, non-appealable order in a case under any Insolvency Proceeding; but, in any case, such payments and distributions shall remain subject to the terms of this Agreement;

(ix) inspect or appraise the Collateral or perform a valuation of the Debtors' business (and to engage or retain investment bankers, consulting firms or appraisers for the purpose of appraising or valuing the Collateral or performing a valuation of the business), or to receive information or reports concerning the Collateral;

(x) to the extent not inconsistent with or expressly prohibited by the provisions hereof, take any action to the extent necessary to prevent the running of any applicable statute of limitation or similar restriction on claims, or to assert a compulsory cross claim or counterclaim against any debtor;

(xi) vote on any plan of reorganization, arrangement, compromise or liquidation subject to the terms of this Agreement and that is not inconsistent with the terms of this Agreement; and

(xii) effect a registration of a fixed charge with respect to the rolling stock of the Borrower: provided that (w) an Event of Default has occurred and is continuing under the Indenture, (x) it has provided the Designated First Lien Representative with 10 Business Days prior written notice of its intention to take such action, (y) after receipt of such notice and the expiry of the 10 Business Day Period, the Designated First Lien Representative is not concurrently taking such action and (z) any such fixed charge security registered in favour of the Second Lien Representative shall nonetheless be subject to the Lien subordinations provided for in Section 3.4 and the other provisions of this Agreement;

in each case, to the extent, but only to the extent, that any of the foregoing:

(i) is in compliance with, is not inconsistent with and does not contravene, the other provisions of this Agreement; and

(ii) does not adversely affect the validity or enforceability of, the First Lien Security or the priority thereof, or any of the First Lien Creditors' entitlements to the First Lien Obligations or the rights or claims thereto.

(c) In any Insolvency Proceeding, the Note Holders, or the Second Lien Representative on their behalf, shall not propose, approve or support any application, motion, request for relief, Proposal or Plan which: (i) is inconsistent with the priorities and ranking of Liens contained herein or the other provisions hereof; or (ii) in the case of a Proposal or Plan, does not contemplate and provide for the Discharge of First Lien Obligations in cash, unless previously approved in writing by the Required First Lien Debtholders or at any time after the Discharge of First Lien Obligations.

5.2 (a) Unless and until the Discharge of First Lien Obligations shall have occurred, the Second Lien Representative agrees to, at the expense of the Debtors, release or otherwise terminate any Lien (or consent to the vesting out of such Lien in any Insolvency Proceeding) the Second Lien Representative may have or hold, under the Second Lien Security or otherwise, in and upon the Property of a Debtor which may be sold or otherwise disposed of either by the Designated First Lien Representative, or its interim receiver, receiver, receiver-manager or agent pursuant to the enforcement of the First Lien Debt Agreements or First Lien Security or in an Insolvency Proceeding immediately upon the Designated First Lien Representative, its interim receiver, receiver, receiver-manager or agent's written notice that the Property of a Debtor will be Disposed of, and, if required to give effect to the foregoing, to immediately deliver registrable discharges and releases and such other documents as the Designated First Lien Representative or its receiver, receiver- manager or agent may reasonably require in connection therewith. For certainty, the Second Lien Security will continue in the proceeds of any sale, subject to the priorities set out herein and the other terms of this Agreement.

(b) After the Discharge of First Lien Obligations, each of the First Lien Representatives agrees to, at the expense of the Debtors, release or otherwise terminate any Lien (or consent to the vesting out of such Lien in any Insolvency Proceeding) such First Lien Representative may have or hold, under the First Lien Security, in and upon the Property of a Debtor which may be Disposed of either by the Second Lien Representative, or its receiver, receiver-manager or agent pursuant to the enforcement of the Indenture or the Second Lien Security, or in an Insolvency Proceeding, immediately upon the Second Lien Representative, its interim receiver, receiver, receiver-manager or agent's written notice that such Property will be Disposed of, and, if required to give effect to the foregoing, to immediately deliver registrable discharges and releases and such other documents as the Second Lien Representative or its interim receiver, receiver, receiver-manager or agent may reasonably require in connection therewith.

5.3 If, in connection with (a) any Disposition of any Collateral permitted under the terms of the First Lien Debt Agreements and the Indenture other than pursuant to an Enforcement Action or (b) an Enforcement Action, the Designated First Lien Representative, for itself and on behalf of the First Lien Creditors, (i) releases any of the First Priority Liens or (ii) releases any Debtor from its obligations under its guarantee of the First Lien Obligations (in each case, a "**Release**"), other than any such Release granted after the occurrence of the Discharge of First Lien Obligations, then the Second Priority Liens on such Collateral, and the obligations of such Debtor under its guarantee of the Second Lien Obligations, shall be automatically, unconditionally and simultaneously released, and the Second Lien Representative shall, for itself and on behalf of the Note Holders, promptly execute and deliver to the Designated First Lien Representative or such Debtor such financing change statements, discharges, termination statements, releases and other documents as the Designated First Lien Representative or the relevant Debtor may reasonably request to effectively confirm such Release, all at the expense of the Debtors; *provided* that (A) in the case of a Disposition of Collateral (other than any such Disposition in connection with an Enforcement Action taken in connection with the First Lien Obligations with respect to the Collateral), the Second Priority Liens shall not be so released if such Disposition is not permitted under the terms of the Indenture (other than solely as the result of the existence of a default or event of default under the Second Lien Agreements or the Second Lien Security) and (B) any proceeds received from such Disposition in connection with an Enforcement Action taken in connection with the First Lien Obligations with respect to the Collateral shall be applied by the Designated First Lien Representative to the First Lien Obligations until a Discharge of First Lien Obligations has occurred with any excess being delivered to the Second Lien Representative as contemplated herein. For certainty, unless expressly requested by the Borrower, the proceeds of any Permitted Disposition (as defined in the First Lien Credit Agreement), or other disposition permitted by the First Lien Credit Agreement, that are used to repay or pay, as applicable, the First Lien Credit Agreement Obligations shall, prior to the commencement of an Enforcement Action, not result in a reduction in the commitments or the maximum principal amount available under the First Lien Credit Agreement.

5.4 Until the Discharge of First Lien Obligations occurs, the Second Lien Representative, for itself and on behalf of each Note Holder, hereby appoints the Designated First Lien Representative, and any officer or agent of the Designated First Lien Representative, with full power of substitution, as the attorney-in-fact of the Second Lien Representative and each Note Holder for the purpose of carrying out the provisions of Section 5.3 and taking any action and executing any instrument that the Designated First Lien Representative may deem necessary or advisable to accomplish the purposes of Section 5.3 (including any endorsements or other instruments of transfer or release), which appointment is irrevocable and coupled with an interest.

5.5 The Second Lien Representative agrees that, upon termination of the Standstill Period, if any Note Holder or the Second Lien Representative or other representative of such Note Holder intends to commence any Enforcement Action or exercise any other Restricted Rights, then the Note Holder or the Second Lien Representative or other representative shall first deliver notice thereof in writing to the Designated First Lien Representative both (a) not less than ten (10) days prior to taking any such Enforcement Action or exercising any other Restricted Rights and (b) within three (3) days after each such Enforcement Action is taken or other Restricted Right is exercised. Such notices may be given during the Standstill Period.

With respect to any such Enforcement Action or exercise of Restricted Rights by the Second Lien Representative or any Note Holder, the Designated First Lien Representative shall be entitled to receive from the proceeds of the Collateral indefeasible payment in full of the First Lien Obligations under the First Lien Debt Agreements in accordance with this Agreement until Discharge of First Lien Obligations.

5.6 So long as the Discharge of First Lien Obligations has not occurred, the Designated First Lien Representative and the First Lien Creditors shall have the exclusive right, subject to the rights of the Debtors under the First Lien Security, to settle and adjust claims in respect of Collateral under policies of insurance covering Collateral and to approve any award granted in any condemnation or similar proceeding, or any deed in lieu of condemnation, in respect of the Collateral. All

proceeds of any such policy and any such award, or any payments with respect to a deed in lieu of condemnation, shall (a) first, prior to the Discharge of First Lien Obligations and subject to the rights of the Debtors under the First Lien Debt Agreements, be paid to the Designated First Lien Representative for the benefit of the First Lien Creditors pursuant to the terms of the First Lien Debt Agreements and the Permitted Additional First Lien Debt Intercreditor Arrangements, (b) second, after the Discharge of First Lien Obligations and subject to the rights of the Debtors under the Second Lien Agreements, be paid to the Second Lien Representative for the benefit of the Note Holders pursuant to the terms of the Second Lien Agreements and (c) third, be paid to the owner of the subject Property, such other person as may be entitled thereto or as a court of competent jurisdiction may otherwise direct. Until the Discharge of First Lien Obligations has occurred, if the Second Lien Representative or any Note Holder shall, at any time, receive any proceeds of any such insurance policy or any such award or payment, it shall transfer and pay over such proceeds to the Designated First Lien Representative in accordance with Section 3.6.

5.7 The First Lien Credit Agreement Creditors shall have the right to make further advances under the First Lien Credit Agreement as they see fit in order to preserve or protect the Collateral of the Debtors or any part thereof and all such sums advanced to preserve or protect the Collateral of the Debtors or any part thereof will constitute and form part of the First Lien Obligations owing to the First Lien Credit Agreement Creditors and shall be secured by the First Lien Security.

ARTICLE 6
REALIZATION; DIP FINANCING

6.1 The Secured Parties agree that, in the event of any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the Property of any Debtor by reason of any liquidation, dissolution or other winding-up of such Debtor's business, or any sale, receivership, insolvency or bankruptcy proceedings, or assignment for the benefit of creditors, or any other Insolvency Proceeding, or any proceeding by or against any Debtor for any relief under any bankruptcy or insolvency law or laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extensions, then and in every such event, all proceeds or distributions of any kind or character, either in cash, securities or other property received in respect of the Collateral shall be received subject to the terms of this Agreement and any such payments or distributions received by any Secured Party upon or in respect of the debt or security of the other shall be received in trust for the other and shall be segregated and forthwith remitted to the other in the same form as so received in accordance with the relative priorities set out in Article 3 hereof. The parties hereto expressly acknowledge that this Agreement is a “subordination agreement” under Section 510(a) of the U.S. Bankruptcy Code or any similar provision of any other applicable law.

6.2 The Second Lien Representative, for itself and on behalf of the Note Holders, agrees that it and the Note Holders will not (a) raise any objection to, or support any objection to or otherwise contest, any lawful exercise by any First Lien Creditor of the right to credit bid the First Lien Obligations in any Insolvency Proceeding or at any sale in foreclosure, power of sale or other enforcement action or proceeding, including without limitation under Section 363(k) of the U.S. Bankruptcy Code or any similar provision of any other applicable bankruptcy or insolvency law, resulting in a sale of any First Lien Collateral or (b) seek consultation rights in connection with, and will raise no objection or oppose or contest (or join with or support any third party objecting, opposing or contesting), a motion to sell, liquidate or otherwise Dispose of Collateral in any Insolvency Proceeding if the Required First Lien Debtholders, have consented to such sale, liquidation or other Disposition. Each First Lien Representative, for itself and on behalf of the applicable First Lien Creditors, agrees that it and the applicable First Lien Creditors will not raise any objection to, or support any objection to or otherwise contest, any lawful exercise by any Second Lien Creditor of the right to credit bid the Second Lien Obligations in any Insolvency Proceeding or at any sale in foreclosure, power of sale or other enforcement action or proceeding, including without limitation under Section 363(k) of the U.S. Bankruptcy Code or any similar provision of any other applicable bankruptcy or insolvency law, resulting in a sale of any Second Lien Collateral so long as such credit bid contemplates and provides for the unconditional

Discharge of First Lien Obligations in cash prior to or concurrently with the closing of any such transaction.

6.3 In the event of an Insolvency Proceeding regarding any Debtor, whether voluntary or involuntary, neither the Second Lien Representative nor any Note Holder shall propose, agree to provide or support any debtor in possession financing or interim financing (including, without limitation, under Section 363 or Section 364 of the U.S. Bankruptcy Code or any similar provision of any other applicable bankruptcy or insolvency law) (a "**DIP Financing**") which is secured by a charge or other Lien that ranks in priority to or *pari passu* with the First Lien Security. If any Debtor obtains DIP Financing from any First Lien Creditor, then the Second Lien Representative agrees it will: (a) subordinate the Second Priority Liens to: (i) the Liens securing any DIP Financing that satisfies the conditions contained in paragraph (b) of this Section 6.3 and (ii) any administrative or other court-ordered charges (provided that the amounts secured by all such charges, when taken together with the aggregate principal amount of the DIP Financing and the pre-filing amount of First Lien Obligations (not rolled up or otherwise included or refinanced by such DIP Financing) will not exceed the amount of First Lien Obligations outstanding immediately prior to the commencement of such Insolvency Proceeding plus an amount equal to 15% of the aggregate principal amount of First Lien Obligations outstanding immediately prior to the commencement of such Insolvency Proceeding) and (b) not contest or raise any objection to the DIP Financing; provided that, in the case of this clause (b): (i) the maximum aggregate principal amount of the DIP Financing, when taken together with the aggregate principal amount of outstanding pre-filing First Lien Obligations (not rolled up or otherwise included or refinanced by such DIP Financing) and any administrative or other court-ordered charges that will not be repaid by such DIP Financing, does not exceed the amount of First Lien Obligations outstanding immediately prior to the commencement of such Insolvency Proceeding plus an amount equal to 15% of the aggregate principal amount of First Lien Obligations outstanding immediately prior to the commencement of such Insolvency Proceeding, (ii) the Second Lien Representative retains a Lien on the Second Lien Collateral (including proceeds thereof arising after the commencement of such Insolvency Proceeding) with the same priority as existed prior to the commencement of such Insolvency Proceeding, but subject to the Liens securing any DIP Financing and any administrative or other court-ordered charges, and (iii) such DIP Financing does not compel any Debtor to (x) seek confirmation of a specific plan of reorganization for which all or substantially all of the material terms are set forth in the documentation relating to such DIP Financing or (y) sell any portion of the Collateral.

6.4 No Secured Party shall at any time challenge, dispute or contest the validity or enforceability of the First Lien Debt Agreements or First Lien Security or the Second Lien Agreements or Second Lien Security nor the priorities applicable to the First Lien Security or the Second Lien Security as provided for herein, nor shall any of the First Lien Representatives or the Second Lien Representative take any action whereby the priorities hereby established may be defeated.

6.5 Neither any First Lien Representative nor the Second Lien Representative shall be prejudiced in its rights hereunder by any act or failure to act of any Debtor, or any noncompliance by any Debtor with any agreement or obligation, regardless of any knowledge thereof which either any First Lien Representative or the Second Lien Representative may have or with which either any First Lien Representative or the Second Lien Representative may be charged, and no action of any First Lien Representative or the Second Lien Representative permitted hereunder shall in any way affect or impair their rights and obligations hereunder.

6.6 Without in anyway derogating from the rights contained in the Permitted Additional First Lien Debt Intercreditor Arrangements in respect of the classification of claims, in any Insolvency Proceedings which require the classification of claims of creditors for voting purposes of any Plan or Proposal, the Secured Parties agree that the Debtors shall establish separate classes for claims of the First Lien Creditors and the Note Holders in recognition of their different interests. The Second Lien Representative, for itself and on behalf of each Note Holder, agrees that the grants of Liens on the Collateral pursuant to the First Lien Security and the Second Lien Security constitute separate and distinct grants of Liens, that the First Lien Creditors and the Note Holders do not share a "commonality of interest" with respect to their claims and that the Note Holders will

not object to any such classification. If it is held that the claims of the First Lien Creditors and the Note Holders in respect of the Collateral constitute one secured claim or class of creditors, then each Note Holder agrees that all distributions shall be made as if there were separate classes of senior and junior claims against the Debtors in respect of the Collateral including, to the extent the aggregate value of the Collateral is sufficient (excluding the Second Lien Obligations), the payment to the First Lien Creditors of post-filing interest in addition to the amounts distributed to the First Lien Creditors in respect of principal, pre-filing interest and other claims prior to distribution being made to any Note Holder and each Note Holder agrees to hold in trust and turn over to the First Lien Creditors, amounts otherwise received or receivable by it to the extent necessary to effectuate the intent of this Section, even if such turnover has the effect of reducing the claim or recovery of any Note Holder.

6.7 The First Lien Creditors may, subject to the terms of this Agreement and the Permitted Additional First Lien Debt Intercreditor Arrangements, enforce the various remedies available to them, take whatever Enforcement Action and realize upon the First Lien Security, guarantees and indemnities or any part thereof, held by them in such order as the First Lien Creditors deem appropriate, in their sole discretion.

6.8 Without derogating from any other provision hereof including, for certainty, Section 5.1, to the extent the Second Lien Creditors are entitled to enforce any Restricted Rights, the Second Lien Creditors may, subject to the terms of this Agreement, take any Enforcement Action and enforce such Restricted Rights in such order as the Second Lien Creditors deem appropriate, in their sole discretion. For certainty, the parties hereto acknowledge and confirm that, notwithstanding the foregoing, neither the Second Lien Representative, any Note Holder nor any other Second Lien Creditor shall take any Enforcement Action under the Second Lien Security or enforce any Restricted Rights during the Standstill Period or, after the expiration of the Standstill Period, if the First Lien Creditors or the Designated First Lien Representative on behalf of the First Lien Creditors (i) shall have commenced and be diligently pursuing the exercise of their rights or remedies with respect to all or substantially all of the Collateral or (ii) are stayed or otherwise precluded from pursuing such rights or remedies pursuant to applicable laws or Insolvency Proceedings (including pursuant to any order made in connection therewith).

6.9 No loss of or in respect of any of the First Lien Security or any failure by the First Lien Creditors to assert their rights or any other thing whatsoever, including without limitation the loss by operation of law of any right of the First Lien Creditors against any Debtor or the loss or destruction of any of the First Lien Security will in any way impair or release the subordination and other benefits provided by this Agreement.

6.10 No loss of or in respect of any of the Second Lien Security or any failure by the Second Lien Creditors to assert their rights or any other thing whatsoever, including without limitation the loss by operation of law of any right of the Second Lien Creditors against any Debtor or the loss or destruction of any of the Second Lien Security will in any way impair or release the subordination and other benefits provided by this Agreement.

6.11 Neither the Second Lien Representative nor any Note Holder shall oppose or seek to challenge any claim by any First Lien Representative or any other First Lien Creditor for allowance in any Insolvency Proceeding of First Lien Obligations consisting of claims for post-petition interest, fees, or expenses under Section 506(b) of the U.S. Bankruptcy Code or any similar provision of any other applicable law or otherwise.

6.12 Neither any First Lien Representative nor any other First Lien Creditor shall oppose or seek to challenge any claim by the Second Lien Representative or any Note Holder for allowance in any Insolvency Proceeding of Second Lien Obligations consisting of claims for post-petition interest, fees, or expenses under Section 506(b) of the U.S. Bankruptcy Code or any similar provision of any other applicable law or otherwise, to the extent of the value of the Lien of the Second Lien Representative on behalf of the Note Holder on the Collateral.

ARTICLE 7
SUBSIDIARIES

7.1 In the event any additional subsidiary of the Borrower is required to provide Security (as such term is defined in the First Lien Credit Agreement) in favor of the First Lien Credit Agreement Representative (or any other First Lien Representative) in order to maintain compliance with the terms of the First Lien Credit Agreement (or any Permitted Additional First Lien Debt Agreement), the Borrower shall cause such subsidiary to provide the First Lien Security to each such First Lien Representative and the Second Lien Security to the Second Lien Representative in accordance with the requirements of the First Lien Credit Agreement, any such Permitted Additional First Lien Debt Agreements and the Indenture, respectively. The terms of this Agreement shall apply *mutatis mutandis* to such security.

ARTICLE 8
OTHER AGREEMENTS; RESTRICTIONS ON AMENDMENTS

8.1 The First Lien Debt Agreements may be amended, restated, supplemented or otherwise modified in accordance with their terms, and Refinancing Indebtedness in respect of the First Lien Obligations may be incurred, in each case, without the consent of the Second Lien Representative or any Note Holder; *provided, however*, that (a) without the consent of the Second Lien Representative (at the direction of the Note Holders), no such amendment, restatement, supplement, modification or Refinancing (or successive amendments, restatements, supplements, modifications or Refinancings) shall (i) contravene any provision of this Agreement, (ii) increase the ability for the Debtors to incur secured indebtedness other than to the extent permitted under this Agreement and any First Lien Debt Agreements in effect as of the date of this Agreement, (b) nothing in this Section 8.1 shall constitute a waiver by the Second Lien Representative or the Note Holders of any default or event of default under the Second Lien Agreements resulting from such action and (c) any such amendment, restatement, supplementation or other modification of an Permitted Additional First Lien Debt Agreements is expressly subject to the Permitted Additional First Lien Debt Intercreditor Arrangements.

8.2 The Second Lien Agreements may be amended, restated, supplemented or otherwise modified in accordance with their terms, and Refinancing Indebtedness in respect of the Second Lien Obligations may be incurred, in each case, without the consent of any First Lien Representative or any First Lien Creditor; provided, however,(a) without the consent of the Designated First Lien Representative if and as provided for in the First Lien Credit Agreement or applicable Additional Permitted Debt Agreement, no such amendment, restatement, supplement, modification or Refinancing (or successive amendments, restatements, supplements, modifications or Refinancings) shall (i) contravene any provision of this Agreement or (ii) increase the ability for the Debtors to incur secured indebtedness other than to the extent permitted under this Agreement and any Second Lien Agreements in effect as of the date of this Agreement and (b) nothing in this Section 8.2 shall constitute a waiver by the First Lien Creditors of any default or event of default under the First Lien Debt Agreements resulting from such action, including, without limitation, the restriction on the establishment or incurrence of debt contained in such First Lien Debt Agreements. The parties hereto acknowledge that as of the date hereof the First Lien Credit Agreement contains restrictions on the Borrower's ability to amend, restate, supplement or otherwise modify the Second Lien Agreements or incur Refinancing Indebtedness in respect thereof.

8.3 Without prejudice to any rights of the First Lien Creditors under the applicable First Lien Debt Agreements (including any covenants therein that may restrict such Refinancings) and, subject to the limitations contained in the immediately preceding paragraph, the Second Lien Obligations may be Refinanced if such Refinancing Indebtedness constitutes Additional Permitted Debt (as defined in the First Lien Credit Agreement) and, if secured, the holders of such Refinancing Indebtedness (or a duly authorized agent on their behalf), execute and deliver an Intercreditor Agreement Joinder.

8.4 Each of the Debtors and the Second Lien Representative agrees that all Second Lien Security covering any Collateral shall contain such language as the Designated First Lien Representative

may reasonably request to reflect the subordination of such Second Lien Security to the First Lien Security covering such Collateral pursuant to this Agreement.

8.5 If (a) the Borrower Refinances any of the First Lien Obligations (including an increase thereof or any other change to the terms thereof to the extent permitted by Section 8.1 hereof), (b) such Refinancing (including any increase) is permitted hereby, under the First Lien Credit Agreement and under the Indenture and (c) the Borrower gives to the Second Lien Representative written notice (the "**First Lien Refinancing Notice**") electing the application of the provisions of this Section 8.5 to such Refinancing Indebtedness, then (i) the Discharge of First Lien Obligations shall automatically be deemed not to have occurred for all purposes of this Agreement, (ii) such Refinancing Indebtedness and all other obligations under the loan documents evidencing such indebtedness (the "**New First Lien Obligations**") shall automatically be treated as First Lien Obligations for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of Collateral set forth herein, (iii) the credit agreement and the other loan documents evidencing such Refinancing Indebtedness (the "**New First Lien Debt Agreements**") shall automatically be treated as the First Lien Debt Agreements and, in the case of New First Lien Debt Agreements that are security documents, as the First Lien Security for all purposes of this Agreement, (iv) the New First Lien Debt Agreements and the related First Lien Security shall be expressly subject to the Permitted Additional First Lien Debt Intercreditor Arrangements, (v) the administrative agent under any such the New First Lien Debt Agreements (the "**New First Lien Representative**") shall be deemed to be a First Lien Representative for all purposes of this Agreement and (vi) the lenders under the New First Lien Debt Agreements shall be deemed to be First Lien Creditors for all purposes of this Agreement. Upon receipt of a First Lien Refinancing Notice, which notice shall include the identity of the New First Lien Representative, the New First Lien Representative shall execute and deliver an Intercreditor Agreement Joinder or, if deemed required, shall promptly enter into such documents and agreements (including amendments or supplements to this Agreement) as the Borrower or such New First Lien Representative may reasonably request in order to provide to the New First Lien Representative the rights and powers contemplated hereby, in each case consistent with the terms of this Agreement. In furtherance of Section 3.3, if the New First Lien Obligations are secured by Property that does not constitute Second Lien Collateral, the Borrower shall promptly grant, or cause to be granted, a Second Priority Lien on such Property to secure the Second Lien Obligations.

8.6 If (a) Calfrac Holdings Refinances any of the Second Lien Obligations (including an increase thereof or any other change to the terms thereof to the extent permitted by Section 8.2 hereof), (b) such Refinancing (including such increase) is permitted hereby and under the First Lien Debt Agreements and (c) Calfrac Holdings gives to the First Lien Representative written notice (the "**Second Lien Refinancing Notice**") electing the application of the provisions of this Section 8.6 to such Refinancing Indebtedness, then (i) the Discharge of Second Lien Obligations shall automatically be deemed not to have occurred for all purposes of this Agreement, (ii) such Refinancing Indebtedness and all other obligations under the note documents evidencing such indebtedness (the "**New Second Lien Obligations**") shall automatically be treated as Second Lien Obligations for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of Collateral set forth herein, (iii) the indenture and the other note documents evidencing such Refinancing Indebtedness (the "**New Second Lien Debt Agreements**") shall automatically be treated as the Second Lien Agreements and, in the case of New Second Lien Debt Agreements that are security documents, as the Second Lien Security for all purposes of this Agreement, (iv) the trustee under any such the New Second Lien Debt Agreements (the "**New Second Lien Representative**") shall be deemed to be the Second Lien Representative for all purposes of this Agreement and (v) the note holders under the New Second Lien Debt Agreements shall be deemed to be the Note Holders for all purposes of this Agreement. Upon receipt of a Second Lien Refinancing Notice, which notice shall include the identity of the New Second Lien Representative, the Second Lien Representative shall execute and deliver an Intercreditor Agreement Joinder. In furtherance of Section 3.3, if the New Second Lien Obligations are secured by Property that does not constitute First Lien Collateral, the applicable Debtor shall promptly grant, or cause to be granted, a First Priority Lien on such Property to secure the First Lien Obligations.

ARTICLE 9
MISCELLANEOUS

9.1 Any notice required or permitted to be made under this Agreement may be served personally at or by facsimile mail or other electronic means to the applicable addresses stated below. Any notice given shall be deemed to have been received on actual receipt.

(a) If to the First Lien Credit Agreement Representative:

HSBC Bank Canada
407-8th Avenue SW
Calgary, Alberta T2P 1E5

Attention: Vice President
Fax: (403) 693-8561

(b) If to the Second Lien Representative:

Wilmington Trust, National Association
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402

Attention: Calfrac Holdings Notes Administrator
Fax No.: (612) 217-5651

(c) If to the Borrower:

Calfrac Well Services Ltd.
411-8th Avenue S.W.
Calgary, Alberta T2P 1E3

Attention: General Counsel
Facsimile: (403) 266-7381

(d) If to Calfrac Holdings:

Calfrac Holdings LP
411-8th Avenue S.W.
Calgary, Alberta T2P 1E3

Attention: General Counsel
Facsimile: (403) 266-7381

(e) If to a Permitted Additional First Lien Debt Representative, to the address set out in the applicable Intercreditor Agreement Joinder.

9.2 Each of the Secured Parties shall, at the expense of the Debtors execute such additional documents and instruments, in registrable form where required, and do such further acts or things as may be reasonably necessary to give full force and effect to the intent of this Agreement.

9.3 No Secured Party shall sell, transfer, pledge, assign or otherwise dispose of or encumber or subordinate to any person (collectively, as used herein, an "**assignee**") the Liens created under the First Lien Security or the Second Lien Security, as the case may be, without first causing the assignee thereof to execute a counterpart of this Agreement in favour of the other Secured Party and to which the other Secured Party shall have privity of contract whereby such assignee shall agree to be bound by the terms hereof to the same extent as if it had been an original party hereto.

9.4 This Agreement shall enure to the benefit of and be binding upon the Secured Parties and their respective successors and assigns.

9.5 This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and the parties hereto irrevocably attorn to the non-exclusive jurisdiction of the Province of Alberta.

9.6 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall be construed together as one agreement, and the execution and delivery of counterparts of this Agreement by facsimile or other electronic transmission (including PDF format) by any party shall be binding on all parties.

9.7 Nothing in this Agreement and no action taken by any First Lien Representative or the Second Lien Representative pursuant hereto is intended to constitute or shall be deemed to constitute any First Lien Representative and the Second Lien Representative as a partnership, joint venture, association or other similar type entity.

9.8 The Debtors each hereby acknowledge and agree that this Agreement shall not modify, relieve or release it from any of its Obligations. Additionally, the Debtors, each acknowledge and agree that:

(a) it authorizes each First Lien Representative and the Second Lien Representative to share with each other any information possessed by them relating to the First Lien Obligations, the Second Lien Obligations, the First Lien Security, the Second Lien Security, the First Lien Debt Agreements or the Second Lien Agreements;

(b) it consents to the terms of this Agreement and agrees to comply with, and to not act contrary to, the terms of this Agreement;

(c) it is party hereto solely for the purpose of providing the acknowledgements and agreements set forth herein and does not, and is not intended to, derive any benefits hereunder except in respect of the consents contained herein;

(d) this Agreement, other than this Section 9.8, may be amended by each First Lien Representative and the Second Lien Representative at any time without the concurrence of the Debtors provided, however, that the Designated First Lien Representative and the Second Lien Representative shall provide the Debtors with a copy of any such amendment within 10 Business Days of such amendment and no such amendment shall, unless each of the Debtors is a party thereto, impose any obligation on the Debtors over and above those obligations of the Debtors contained herein nor shall any such amendment relieve any First Lien Representative or the Second Lien Representative from providing any notice to the Debtors which is stipulated herein; and

(e) the failure of a Debtor to pay or perform any obligations or covenant owed to a Secured Party, whether caused by or resulting from the compliance by the Debtor with this Agreement, or otherwise, should nevertheless constitute a default under any applicable First Lien Debt Agreement or Second Lien Agreement to the extent it would otherwise constitute a default thereunder and subject to the terms thereunder.

9.9 This Agreement shall remain in effect so long as both the First Lien Obligations and the Second Lien Obligations are outstanding. For greater certainty, subject to Section 8.5 and 8.6, as and when either the First Lien Obligations or the Second Lien Obligations are terminated, all obligations of any First Lien Representative, the Second Lien Representative, the Debtors hereunder shall also terminate provided however that this Agreement, including the subordination provisions hereof, will be reinstated if at any time any payment or distribution in respect of any of the First Lien Obligations or Second Lien Obligations, as applicable, is rescinded or must otherwise be returned in an Insolvency Proceeding or otherwise by any of the applicable Secured

Parties or any representative of any such Secured Party (whether by demand, settlement, litigation or otherwise).

9.10 The provisions of this Agreement shall govern notwithstanding the terms of the First Lien Credit Agreement, the Indenture, the other First Lien Debt Agreements, the Second Lien Agreements, the First Lien Security and the Second Lien Security and whether or not any bankruptcy, receivership or any other insolvency proceedings shall have commenced against any of the Debtors.

9.11 The Debtors shall pay all reasonable out of pocket and documented legal fees and disbursements incurred by each First Lien Representative and the Second Lien Representative in connection with this Agreement and the matters dealt with herein.

9.12 Each First Lien Representative is executing and delivering this Agreement solely in its capacity as such and pursuant to authority set forth in the First Lien Debt Agreements; and in so doing, the First Lien Representative shall not be responsible for the terms or sufficiency of this Agreement for any purpose. The First Lien Representative shall have no duties or obligations under or pursuant to this Agreement other than such duties and obligations as may be expressly set forth in this Agreement as duties and obligations on its part to be performed or observed. In entering into this Agreement, or in taking (or forbearing from) any action under or pursuant to this Agreement, each First Lien Representative shall have and be protected by all of the rights, immunities, indemnities and other protections granted to it under the First Lien Debt Agreements. The Second Lien Representative is executing and delivering this Agreement solely in its capacity as such and pursuant to direction set forth in the Indenture; and in so doing, the Second Lien Representative shall not be responsible for the terms or sufficiency of this Agreement for any purpose. The Second Lien Representative shall have no duties or obligations under or pursuant to this Agreement other than such duties and obligations as may be expressly set forth in this Agreement as duties and obligations on its part to be performed or observed. In entering into this Agreement, or in taking (or forbearing from) any action under or pursuant to this Agreement, the Second Lien Representative shall have and be protected by all of the rights, immunities, indemnities and other protections granted to it under the Indenture and the other Second Lien Agreements.

9.13 Neither any First Lien Representative nor the Second Lien Representative shall have any liability or responsibility for the actions or omissions of any other Secured Party, or for any other Secured Party's compliance with (or failure to comply with) the terms of this Agreement. Neither any First Lien Representative nor the Second Lien Representative shall have any individual liability to any Person if it shall mistakenly pay over or distribute to any Secured Party (or Debtor) any amounts in violation of the terms of this Agreement, so long as such First Lien Representative or the Second Lien Representative, as the case may be, is acting in good faith and in the absence of fraud or gross negligence. Each party hereto hereby acknowledges and agrees that each First Lien Representative and the Second Lien Representative is entering into this Agreement solely in its capacity under the First Lien Credit Agreements and the Second Lien Agreements, respectively, and not in its individual capacity. The First Lien Representatives shall not be deemed to owe any fiduciary duty to the Second Lien Representative or any other Second Lien Creditor and the Second Lien Representative shall not be deemed to owe any fiduciary duty to any First Lien Representative or any other First Lien Creditor.

ARTICLE 10
PERMITTED ADDITIONAL FIRST LIEN DEBT

10.1 Notwithstanding any other provision hereof, nothing contained in this Agreement shall constitute consent of the First Lien Credit Agreement Representative, any First Lien Credit Agreement Lender or any other First Lien Credit Agreement Creditor, to the establishment of any Permitted Additional First Lien Debt Obligations (or the incurrence of any Additional First Lien Debt Obligations by any Debtor) such consent shall only be provided in accordance with and pursuant to the terms of the First Lien Credit Agreement and upon execution and delivery of the Permitted Additional First Lien Debt Intercreditor Arrangements.

10.2 Notwithstanding any other provision hereof, nothing contained in this Agreement shall subordinate or postpone any First Lien Security securing the First Lien Credit Agreement Obligations to any First Lien Security securing any Permitted Additional First Lien Debt Obligations and all arrangements and priority matters relating to the First Lien Security as between the First Lien Credit Agreement Obligations and the Permitted Additional First Lien Debt Obligations will be set out and provided for in the Permitted Additional First Lien Debt Intercreditor Arrangements which shall be paramount to this Agreement and govern and prevail in all respects with respect to all matters set out therein including, without limitation, the priority of the First Lien Security as between the First Lien Credit Agreement Obligations and the Permitted Additional First Lien Debt Obligations and all matters related thereto.

10.3 Notwithstanding any other provision hereof, the rights and ability of the Permitted Additional First Lien Debt Representative and the Permitted Additional First Lien Debt Creditors to enforce any right or remedy under any Permitted Additional First Lien Debt Agreement including, for certainty, the taking of any Enforcement Action and the distribution of any Collateral or the proceeds thereof and application thereof among the First Lien Creditors shall be expressly subject to the Permitted Additional First Lien Debt Intercreditor Arrangements.

[Signature page follows]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

HSBC BANK CANADA, as First Lien Credit Agreement Representative

Per: _____
Name:
Title:

Per: _____
Name:
Title:

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Second Lien Representative

Per: _____

Name:
Title:

CALFRAC WELL SERVICES LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

CALFRAC WELL SERVICES CORP.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

CALFRAC HOLDING LP, by its general partner, CALFRAC (CANADA) INC.

Name:
Title:

Name:
Title:

EXHIBIT A-I

FORM OF INTERCREDITOR AGREEMENT JOINDER

[PERMITTED ADDITIONAL FIRST LIEN DEBT OBLIGATIONS]

INTERCREDITOR AGREEMENT JOINDER NO. [__], dated as of [_____], 20[__], to the INTERCREDITOR AND PRIORITY AGREEMENT, dated as of February 14, 2020 (as the same may be amended, restated, amended and restated, extended, supplemented or otherwise modified from time to time, the "**Intercreditor Agreement**"), among HSBC Bank Canada, as First Lien Credit Agreement Representative, Wilmington Trust, National Association, as Second Lien Representative, Calfrac Well Services Ltd., Calfrac Well Services Corp., Calfrac Holdings LP and the other First Lien Representatives from time to time part thereto.

A. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Intercreditor Agreement.

B. As a condition precedent to the ability of the Debtors to incur Permitted Additional First Lien Debt Obligations after the date of the Intercreditor Agreement and to secure such Permitted Additional First Lien Debt Obligations with a First Priority Lien and to have such Permitted Additional First Lien Debt Obligations guaranteed by the Debtors on a first lien basis, in each case under and pursuant to the Permitted Additional First Lien Debt Agreements but expressly subject to the Permitted Additional First Lien Debt Intercreditor Arrangements, any holder (or an authorized agent on their behalf) in respect of such Permitted Additional First Lien Debt Obligations is required to become a Permitted Additional First Lien Debt Representative under, and such Permitted Additional First Lien Debt Obligations and the Permitted Additional First Lien Debt Lenders in respect thereof are required to become subject to and bound by, the Intercreditor Agreement. The undersigned Permitted Additional First Lien Debt Representative (the "**New Representative**") is executing this Joinder in accordance with the requirements of the Intercreditor Agreement.

Accordingly, the Designated First Lien Representative and the New Representative agree as follows:

SECTION 1. In accordance with the Intercreditor Agreement, the New Representative by its signature below becomes a Permitted Additional First Lien Debt Representative under, and the related Permitted Additional First Lien Debt Obligations and Permitted Additional First Lien Debt Lenders become subject to and bound by, the Intercreditor Agreement with the same force and effect as if the New Representative had originally been named therein as a Permitted Additional First Lien Debt Representative, and the New Representative, on behalf of itself and such Permitted Additional First Lien Debt Lenders, hereby agrees to all the terms and provisions of the Intercreditor Agreement applicable to it as a Permitted Additional First Lien Debt Representative and to the Permitted Additional First Lien Debt Lenders that it represents as Permitted Additional First Lien Debt Lenders. Each reference to a "Permitted Additional First Lien Debt Representative" or "First Lien Representative" in the Intercreditor Agreement shall be deemed to include the New Representative. The Intercreditor Agreement is hereby incorporated herein by reference.

SECTION 2. The New Representative represents and warrants to the Designated First Lien Representative and the other Secured Parties that (i) it has full power and authority to enter into this Intercreditor Agreement Joinder, in its capacity as [agent] [trustee under [describe new facility]], (ii) this Intercreditor Agreement Joinder has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with the terms of such Agreement and (iii) the Permitted Additional First Lien Debt Agreements relating to such Permitted Additional First Lien Debt Obligations provide that, upon the New Representative's entry into this Agreement, the Permitted Additional First Lien Debt Lenders in respect of such Permitted Additional First Lien Debt Obligations will be subject to and bound by the provisions of the Intercreditor Agreement as Secured Parties.

SECTION 3. This Intercreditor Agreement Joinder may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Intercreditor Agreement Joinder shall become effective when the parties hereto shall have received a counterpart of this Intercreditor Agreement Joinder that bears the signature of the New Representative. Delivery of an executed signature page to this Intercreditor Agreement Joinder by facsimile transmission or other electronic method shall be effective as delivery of a manually signed counterpart of this Intercreditor Agreement Joinder.

SECTION 4. Except as expressly supplemented hereby, the Intercreditor Agreement shall remain in full force and effect.

SECTION 5. THIS INTERCREDITOR AGREEMENT JOINDER AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE PROVINCE OF ALBERTA AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN AND THE PARTIES HERETO IRREVOCABLY ATTORN TO THE NON-EXCLUSIVE JURISDICTION OF THE PROVINCE OF ALBERTA.

SECTION 6. In case any one or more of the provisions contained in this Intercreditor Agreement Joinder should be held invalid, illegal or unenforceable in any respect, no party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein and in the Intercreditor Agreement shall not in any way be affected or impaired.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 9.1 of the Intercreditor Agreement. All communications and notices hereunder to the New Representative shall be given to it at the address set forth below its signature hereto.

IN WITNESS WHEREOF, the New Representative and the Designated First Lien Representative have duly executed this Intercreditor Agreement Joinder to the Intercreditor Agreement as of the day and year first above written.

[NAME OF NEW REPRESENTATIVE],
as [ ] for the holders of [ ]

By: _____
Name:
Title:

Address for notices:

_____
_____
_____
_____
_____
_____
Attention of: _____
_____
Telecopy: _____
_____

HSBC BANK CANADA,
as Designated First Lien Representative

By: _____
Name:
Title:

Acknowledged by:

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Second Lien Representative

By:

_____
Name:
Title:

Acknowledged by:

CALFRAC WELL SERVICES LTD.

By: _____

Name:
Title:

CALFRAC WELL SERVICES CORP.

By: _____

Name:
Title:

CALFRAC HOLDING LP, by its general partner, CALFRAC (CANADA) INC.

By: _____

Name:
Title:

EXHIBIT A-II

FORM OF INTERCREDITOR AGREEMENT JOINDER

[FIRST LIEN REFINANCING OBLIGATIONS]

INTERCREDITOR AGREEMENT JOINDER NO. [__], dated as of [_____], 20[__], to the INTERCREDITOR AND PRIORITY AGREEMENT, dated as of February 14, 2020 (as the same may be amended, restated, amended and restated, extended, supplemented or otherwise modified from time to time, the "**Intercreditor Agreement**"), among HSBC Bank Canada, as First Lien Credit Agreement Representative, Wilmington Trust, National Association, as Second Lien Representative, Calfrac Well Services Ltd., Calfrac Well Services Corp., Calfrac Holdings LP and the other First Lien Representatives from time to time part thereto.

A. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Intercreditor Agreement.

B. As a condition precedent to the ability of the Debtors to incur New First Lien Obligations after the date of the Intercreditor Agreement and to secure such New First Lien Obligations with the First Priority Lien and to have such New First Lien Obligations guaranteed by the Debtors on a first lien basis, in each case under and pursuant to the New First Lien Debt Agreements, any holder (or an authorized agent on their behalf) in respect of such New First Lien Obligations is required to become a First Lien Representative under, and such New First Lien Obligations and the First Lien Creditors in respect thereof are required to become subject to and bound by, the Intercreditor Agreement. The undersigned First Lien Representative (the "**New Representative**") is executing this Joinder in accordance with the requirements of the Intercreditor Agreement.

Accordingly, the Designated First Lien Representative and the New Representative agree as follows:

SECTION 1. In accordance with the Intercreditor Agreement, the New Representative by its signature below becomes a [First Lien Credit Agreement][Permitted Additional First Lien Debt] Representative under, and the related New First Lien Obligations and First Lien Creditors become subject to and bound by, the Intercreditor Agreement with the same force and effect as if the New Representative had originally been named therein as a First Lien Representative, and the New Representative, on behalf of itself and such First Lien Creditors, hereby agrees to all the terms and provisions of the Intercreditor Agreement applicable to it as a [First Lien Credit Agreement][Permitted Additional First Lien Debt]]Representative and to the First Lien Creditors that it represents as First Lien Creditors. Each reference to a "[First Lien Credit Agreement][Permitted Additional First Lien Debt] Representative" or "First Lien Representative" in the Intercreditor Agreement shall be deemed to include the New Representative. The Intercreditor Agreement is hereby incorporated herein by reference.

SECTION 2. The New Representative represents and warrants to the Designated First Lien Representative and the other Secured Parties that (i) it has full power and authority to enter into this Intercreditor Agreement Joinder, in its capacity as [agent] [trustee under [describe new facility]], (ii) this Intercreditor Agreement Joinder has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with the terms of such Agreement and (iii) the New First Lien Debt Agreements relating to such New First Lien Obligations provide that, upon the New Representative's entry into this Agreement, the First Lien Creditors in respect of such New First Lien Obligations will be subject to and bound by the provisions of the Intercreditor Agreement as Secured Parties.

SECTION 3. This Intercreditor Agreement Joinder may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Intercreditor Agreement Joinder shall become effective when the parties hereto shall have received a counterpart of this Intercreditor Agreement Joinder that bears the signature of the New Representative.

Delivery of an executed signature page to this Intercreditor Agreement Joinder by facsimile transmission or other electronic method shall be effective as delivery of a manually signed counterpart of this Intercreditor Agreement Joinder.

SECTION 4. Except as expressly supplemented hereby, the Intercreditor Agreement shall remain in full force and effect.

SECTION 5. THIS INTERCREDITOR AGREEMENT JOINDER AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE PROVINCE OF ALBERTA AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN AND THE PARTIES HERETO IRREVOCABLY ATTORN TO THE NON-EXCLUSIVE JURISDICTION OF THE PROVINCE OF ALBERTA.

SECTION 6. In case any one or more of the provisions contained in this Intercreditor Agreement Joinder should be held invalid, illegal or unenforceable in any respect, no party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein and in the Intercreditor Agreement shall not in any way be affected or impaired.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 9.1 of the Intercreditor Agreement. All communications and notices hereunder to the New Representative shall be given to it at the address set forth below its signature hereto.

IN WITNESS WHEREOF, the New Representative and the Designated First Lien Representative have duly executed this Intercreditor Agreement Joinder to the Intercreditor Agreement as of the day and year first above written.

[NAME OF NEW REPRESENTATIVE],
as [ ] for the holders of [ ]

By: _____
Name:
Title:

Address for notices:

_____
_____
_____
_____
_____
_____
Attention of: _____
_____
Telecopy: _____
_____

HSBC BANK CANADA,
as Designated First Lien Representative

By: _____
Name:
Title:

Acknowledged by:

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Second Lien Representative

By:

_____
Name:
Title:

Acknowledged by:

CALFRAC WELL SERVICES LTD.

By: _____

Name:
Title:

CALFRAC WELL SERVICES CORP.

By: _____

Name:
Title:

CALFRAC HOLDING LP, by its general partner, CALFRAC (CANADA) INC.

By: _____

Name:
Title:

EXHIBIT A-III

FORM OF INTERCREDITOR AGREEMENT JOINDER

[SECOND LIEN REFINANCING OBLIGATIONS]

INTERCREDITOR AGREEMENT JOINDER NO. [__], dated as of [_____], 20[__], to the INTERCREDITOR AND PRIORITY AGREEMENT, dated as of February 14 , 2020 (as the same may be amended, restated, amended and restated, extended, supplemented or otherwise modified from time to time, the "**Intercreditor Agreement**"), among HSBC Bank Canada, as First Lien Credit Agreement Representative, Wilmington Trust, National Association, as Second Lien Representative, Calfrac Well Services Ltd., Calfrac Well Services Corp., Calfrac Holdings LP and the other First Lien Representatives from time to time part thereto.

A. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Intercreditor Agreement.

B. As a condition precedent to the ability of the Debtors to incur New Second Lien Obligations after the date of the Intercreditor Agreement and to secure such New Second Lien Obligations with the Second Priority Lien and to have such New Second Lien Obligations guaranteed by the Debtors on a second lien basis, in each case under and pursuant to the New Second Lien Debt Agreements, any holder (or an authorized agent on their behalf) in respect of such New Second Lien Obligations is required to become a Second Lien Representative under, and such New Second Lien Obligations and the Second Lien Creditors in respect thereof are required to become subject to and bound by, the Intercreditor Agreement. The undersigned Second Lien Representative (the "**New Representative**") is executing this Joinder in accordance with the requirements of the Intercreditor Agreement.

Accordingly, the Designated First Lien Representative and the New Representative agree as follows:

SECTION 1. In accordance with the Intercreditor Agreement, the New Representative by its signature below becomes a Second Lien Representative under, and the related New Second Lien Obligations and Second Lien Creditors become subject to and bound by, the Intercreditor Agreement with the same force and effect as if the New Representative had originally been named therein as a Second Lien Representative, and the New Representative, on behalf of itself and such Second Lien Creditors, hereby agrees to all the terms and provisions of the Intercreditor Agreement applicable to it as a Second Lien Representative and to the Second Lien Creditors that it represents as Second Lien Creditors. Each reference to a "Second Lien Representative" in the Intercreditor Agreement shall be deemed to include the New Representative. The Intercreditor Agreement is hereby incorporated herein by reference.

SECTION 2. The New Representative represents and warrants to the Designated First Lien Representative and the other Secured Parties that (i) it has full power and authority to enter into this Intercreditor Agreement Joinder, in its capacity as [agent] [trustee under [describe new facility]], (ii) this Intercreditor Agreement Joinder has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with the terms of such Agreement and (iii) the New Second Lien Debt Agreements relating to such New Second Lien Obligations provide that, upon the New Representative's entry into this Agreement, the Second Lien Creditors in respect of such New Second Lien Obligations will be subject to and bound by the provisions of the Intercreditor Agreement as Secured Parties.

SECTION 3. This Intercreditor Agreement Joinder may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Intercreditor Agreement Joinder shall become effective when the parties hereto shall have received a counterpart of this Intercreditor Agreement Joinder that bears the signature of the New Representative.

Delivery of an executed signature page to this Intercreditor Agreement Joinder by facsimile transmission or other electronic method shall be effective as delivery of a manually signed counterpart of this Intercreditor Agreement Joinder.

SECTION 4. Except as expressly supplemented hereby, the Intercreditor Agreement shall remain in full force and effect.

SECTION 5. THIS INTERCREDITOR AGREEMENT JOINDER AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE PROVINCE OF ALBERTA AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN AND THE PARTIES HERETO IRREVOCABLY ATTORN TO THE NON-EXCLUSIVE JURISDICTION OF THE PROVINCE OF ALBERTA.

SECTION 6. In case any one or more of the provisions contained in this Intercreditor Agreement Joinder should be held invalid, illegal or unenforceable in any respect, no party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein and in the Intercreditor Agreement shall not in any way be affected or impaired.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 9.1 of the Intercreditor Agreement. All communications and notices hereunder to the New Representative shall be given to it at the address set forth below its signature hereto.

IN WITNESS WHEREOF, the New Representative and the Designated First Lien Representative have duly executed this Intercreditor Agreement Joinder to the Intercreditor Agreement as of the day and year first above written.

[NAME OF NEW REPRESENTATIVE],
as [ ] for the holders of [ ]

By: _____
Name:
Title:
Address for notices:
_____
_____
_____
_____
_____
_____
Attention of: _____
_____
Telecopy: _____
_____

HSBC BANK CANADA,
as Designated First Lien Representative

By: _____
Name:
Title:

Acknowledged by:

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Second Lien Representative

By:

_____
Name:
Title:

Acknowledged by:

CALFRAC WELL SERVICES LTD.

By: _____

Name:
Title:

CALFRAC WELL SERVICES CORP.

By: _____

Name:
Title:

CALFRAC HOLDING LP, by its general partner, CALFRAC (CANADA) INC.

By: _____

Name:
Title:

Exhibit "9"

THIS IS EXHIBIT " 9 " REFERRED TO IN THE AFFIDAVIT OF RONALD P. MATHISON AFFIRMED BEFORE ME THIS 13th DAY OF JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Simad

Execution Version

INTERCREDITOR AND PRIORITY AGREEMENT

THIS AGREEMENT dated as of the 14th day of February, 2020, is

AMONG:

HSBC BANK CANADA, a Canadian chartered bank carrying on business in Calgary, Alberta, in its capacity as administrative agent and collateral agent for the First Lien Creditors (as hereinafter defined) (in such capacities, hereinafter referred to as the "**First Lien Credit Agreement Representative**")

- and -

WILMINGTON TRUST, NATIONAL ASSOCIATION, in its capacity as trustee and collateral agent for the Note Holders (as hereinafter defined), (in such capacities, hereinafter referred to as the "**Second Lien Representative**")

- and -

CALFRAC WELL SERVICES LTD., a corporation incorporated under the laws of the Province of Alberta, having its head office in Calgary, Alberta (the "**Borrower**")

- and -

CALFRAC WELL SERVICES CORP., a corporation incorporated under the laws of the State of Colorado, having its head office in Denver, Colorado ("**Calfrac US**")

- and -

CALFRAC HOLDINGS LP, a limited partnership formed under the laws of the State of Delaware ("**Calfrac Holdings**")

- and -

any agent or representative of Permitted Additional First Lien Debt Lenders (each a "**Permitted Additional First Lien Debt Representative**") from time to time party hereto

WHEREAS:

A. The Borrower is or may become indebted to (i) the First Lien Credit Agreement Representative and the First Lien Credit Agreement Lenders (or any of them) with respect to that certain amended and restated credit agreement made as of April 30, 2019 among the Borrower, as borrower, the First Lien Credit Agreement Lenders, as lenders, and the First Lien Credit Agreement Representative, as agent for the First Lien Credit Agreement Lenders, (such agreement, as further amended, supplemented, restated, replaced or Refinanced from time to time as herein permitted shall be herein referred to as the "**First Lien Credit Agreement**") and (ii) the Swap Lenders and the Cash Managers under the agreements and instruments evidencing the Secured Swap Obligations and the Cash Management Obligations (such terms and each other capitalized term used but not defined in these recitals shall have the meaning given to it in Section 1.1).

B. The Borrower may become indebted to any Permitted Additional First Lien Debt Representative that from time to time becomes a party hereto pursuant to this Agreement.

C. The First Lien Obligations are and shall continue to be secured by the First Lien Security on the Collateral.

D. Calfrac Holdings is or may become indebted to the Second Lien Representative and the Note Holders (or any of them) with respect to that certain indenture of even date herewith among Calfrac Holdings, as issuer, the Second Lien Representative, as trustee and collateral agent, and certain guarantors from time to time party thereto (such agreement, as amended, supplemented, restated, replaced or Refinanced from time to time as herein permitted shall herein be referred to as the "**Indenture**") pursuant to which, among other things, Calfrac Holdings has issued the Notes (as hereinafter defined).

E. The Second Lien Obligations shall be secured by the Second Lien Security on the Collateral.

F. The First Lien Credit Agreement and the Indenture require, among other things, that the parties hereto set forth in this Agreement, among other things, their respective rights, obligations and remedies with respect to the Collateral.

For good and valuable consideration and the covenants and conditions contained herein the parties agree as follows:

ARTICLE 1
DEFINITIONS

1.1 The following expressions used in this Agreement, including the preamble and the recitals, mean as follows:

"**Acceleration**" means acceleration of the principal outstanding under the First Lien Credit Agreement, any Permitted Additional First Lien Debt Agreements or the Notes under the Indenture, as applicable, including, without limitation, pursuant to a written demand therefor or notification thereof by the applicable Secured Party.

"**Agreement**" means this intercreditor and priority agreement, as it may be amended or otherwise modified, supplemented, restated or replaced from time to time.

"**BIA**" means the *Bankruptcy and Insolvency Act* (Canada), as may be amended from time to time.

"**Borrower**" has the meaning ascribed to it in the preamble hereto.

"**Business Day**" means a day on which banks are open for business in Calgary (Alberta), New York (New York) and Toronto (Ontario), but does not, in any event, include a Saturday or a Sunday.

"**Cash Management Arrangements**" means any arrangement entered into or to be entered into by the Borrower or any of the Guarantors in the ordinary course of business with a Cash Manager for, or in respect of, cash management services for the Borrower and the Guarantors, including centralized operating accounts, automated clearing house transactions, controlled disbursement services, treasury, depository, overdraft and electronic funds transfer services, foreign exchange facilities, currency exchange transactions, credit card processing services, credit or debit cards, purchase cards and any indemnity given in connection with any of the foregoing. For the avoidance of doubt, cash management arrangements (including the products, services and arrangements listed in this definition) that are entered into by the Borrower or a Guarantor shall not be considered to be entered into not in the ordinary course of business (a) solely due to the monetary amount of any obligations, liabilities or indebtedness owing at any time in connection

therewith or (b) by reason that the Borrower or a Guarantor has not entered into or is not otherwise engaged in such services prior to or as of the date hereof.

"**Cash Management Documents**" means, collectively, all agreements, instruments and other documents which evidence, establish, govern or relate to any or all of the Cash Management Arrangements.

"**Cash Management Obligations**" means, at any time and from time to time, all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Borrower and the Guarantors to the Cash Managers under, pursuant or relating to the Cash Management Arrangements and the Cash Management Documents and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including all principal, interest, fees, legal and other costs, charges and expenses and other amounts payable by the Borrower and the Guarantors under the Cash Management Arrangements and the Cash Management Documents.

"**Cash Managers**" means each Lender and the affiliates of each Lender which, from time to time, is a provider of Cash Management Arrangements to the Borrower and the Guarantors.

"**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada), as may be amended from time to time.

"**Cdn. $**" means lawful money of Canada for the payment of public and private debts.

"**Collateral**" means, collectively, the First Lien Collateral and the Second Lien Collateral.

"**Credit Facilities**" means the credit facilities granted pursuant to or as contemplated in the First Lien Credit Agreements or any Permitted Additional First Lien Debt Agreements and "**Credit Facility**" means any one of them.

"**Debtors**" means, collectively, the Borrower, Calfrac Holdings and the Guarantors and **"Debtor"** means any of them.

"Designated First Lien Representative" means (i) to the extent the First Lien Credit Agreement Obligations are the only First Lien Obligations, the First Lien Credit Agreement Representative, (ii) to the extent there are First Lien Credit Agreement Obligations and Permitted Additional First Lien Credit Obligations, the First Lien Credit Agreement Representative and (iii) to the extent there are Permitted Additional First Lien Credit Obligations but the Discharge of First Lien Credit Agreement Obligations has occurred, the Permitted Additional First Lien Debt Representative.

"**DIP Financing**" has the meaning ascribed to it in Section 6.4 hereof.

"**Discharge of First Lien Credit Agreement Obligations**" means, subject to Section 8.5, (a) payment in full in cash of the principal of and any interest thereon (including interest accruing during the pendency of any Insolvency Proceeding, regardless of whether allowed or allowable in such Insolvency Proceeding and expenses (including all legal fees and disbursements related to the preparation, negotiation and administration of the First Lien Credit Agreements and to any Enforcement Action (on a solicitor and his own client basis)) on all First Lien Credit Agreement Obligations, (b) payment in full in cash of all other First Lien Credit Agreement Obligations that are then due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid, (c) cancellation of or the entry into arrangements (including, without limitation, cash collateralization) reasonably satisfactory to the First Lien Credit Agreement Representative and the Operating Lender (as defined in the First Lien Credit Agreement) with respect to all letters of credit, letters of guarantee and bankers' acceptances issued and outstanding under the First Lien Credit Agreement, (d) termination of and payment in full of the Secured Swap Obligations and the Cash Management Obligations and all related fees, expenses, breakage and termination costs and other amounts owed in connection therewith (or, with respect to any particular Secured Swap Obligation, such other arrangements as have been

made by the Borrower and the applicable Swap Lender (and communicated to the First Lien Credit Agreement Representative) and (e) termination or expiration of all commitments to lend and all obligations to issue or extend letters of credit, letters of guarantee or bankers' acceptances under the First Lien Credit Agreement.

"**Discharge of First Lien Obligations**" means the Discharge of First Lien Credit Agreement Obligations and the Discharge of Permitted Additional First Lien Debt Obligations.

"**Discharge of Permitted Additional First Lien Debt Obligations**" means, subject to Section 8.5, (a) payment in full in cash of the principal of and any interest thereon (including interest accruing during the pendency of any Insolvency Proceeding, regardless of whether allowed or allowable in such Insolvency Proceeding and expenses (including all legal fees and disbursements related to the preparation, negotiation and administration of the Permitted Additional First Lien Debt Agreements and to any Enforcement Action (on a solicitor and his own client basis)) on all Permitted Additional First Lien Debt Obligations, (b) payment in full in cash of all other Permitted Additional First Lien Debt Obligations that are then due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid and (c) cancellation of or the entry into arrangements (including, without limitation, cash collateralization) reasonably satisfactory to the applicable Permitted Additional First Lien Debt Creditors in such amounts as such Permitted Additional First Lien Debt Creditors determine reasonably necessary to secure obligations in respect of Permitted Additional First Lien Debt Obligations.

"**Discharge of Second Lien Obligations**" means, subject to Section 8.6, (a) payment in full in cash of the principal of and any interest thereon (including interest accruing during the pendency of any Insolvency Proceeding, regardless of whether allowed or allowable in such Insolvency Proceeding and expenses (including all legal fees and disbursements related to the preparation, negotiation and administration of the Second Lien Agreements and to any Enforcement Action (on a solicitor and his own client basis)) on all Second Lien Obligations, (b) payment in full in cash of all other Second Lien Obligations that are then due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid and (c) cancellation of or the entry into arrangements (including, without limitation, cash collateralization) reasonably satisfactory to the applicable Second Lien Creditors in such amounts as such Second Lien Creditors determine reasonably necessary to secure obligations in respect of Second Lien Obligations.

"**Disposition**" means any sale, lease, exchange, transfer or other disposition, whether privately or through judicial process, and whether, directly or by a receiver, interim receiver or receiver-and-manager. "**Dispose**" shall have a correlative meaning.

"**Enforcement Action**" means an action under applicable law to (a) enforce, foreclose, execute, levy, or collect on, take possession or control of, sell or otherwise realize upon (judicially or non-judicially), or Dispose of (whether publicly or privately), Collateral, or otherwise exercise or enforce remedial rights with respect to Collateral under the First Lien Debt Agreements or the First Lien Security or the Second Lien Agreements or the Second Lien Security (including by way of setoff, recoupment, notification of a public or private sale or other Disposition pursuant to applicable law, notification to account debtors, notification to depositary banks under deposit account control agreements, or exercise of rights under landlord consents, if applicable), (b) solicit bids from third parties to conduct the liquidation or Disposition of Collateral or to engage or retain sales brokers, marketing agents, or auctioneers for the purposes of marketing, promoting and selling Collateral, (c) receive a transfer of Collateral in satisfaction of any obligation secured thereby or (d) otherwise enforce a Lien or exercise a remedy, as a secured creditor or otherwise, in equity, or pursuant to the First Lien Debt Agreements or the First Lien Security or the Second Lien Agreements or the Second Lien Security (including the commencement of applicable legal proceedings or other actions with respect to all or any portion of the Collateral to facilitate the actions described in the preceding clauses and exercising voting rights in respect of equity interests comprising Collateral); *provided* that "Enforcement Action" will also be deemed to include the commencement of, or joinder in filing of an application or a petition for commencement of, an Insolvency Proceeding against the owner of Collateral.

"**First Lien Collateral**" means all Property of a Debtor, whether real, personal or mixed, now or at any time hereafter subject to Liens securing any First Lien Obligations.

"**First Lien Credit Agreement**" has the meaning ascribed to it in the recitals hereto.

"First Lien Credit Agreement Creditors" means, collectively, the First Lien Credit Agreement Representative, the First Lien Credit Agreement Lenders, the Swap Lenders and the Cash Managers and "**First Lien Credit Agreement Creditor**" means any one of them.

"**First Lien Credit Agreements**" has the meaning ascribed to it in the definition of "First Lien Credit Agreement Obligations".

"**First Lien Credit Agreement Lenders**" means HSBC Bank Canada and the other banks and financial institutions party to the First Lien Credit Agreement, from time to time, as lenders thereunder.

"**First Lien Credit Agreement Obligations**" means: (a) all "Obligations" under (and as defined in) the First Lien Credit Agreement, (b) with respect to any other secured credit agreement, loan agreement, note agreement, promissory note, indenture or other agreement or instrument evidencing or governing the terms of any Refinancing Indebtedness of First Lien Credit Agreement Obligations (collectively, the "**First Lien Credit Agreement Refinancing Agreements**" and together with the First Lien Credit Agreement and any agreement or instrument evidencing or governing the Secured Swap Obligations and the Cash Management Obligations, the "**First Lien Credit Agreements**"), such Refinancing Indebtedness in respect of First Lien Credit Agreement Obligations and (c) all Secured Swap Obligations and Cash Management Obligations, including, without limitation: (i) all principal of and interest (including, without limitation, any interest accruing during the pendency of any Insolvency Proceeding regardless of whether allowed or allowable in such Insolvency Proceeding) and premium (if any) on all loans made or other indebtedness issued or incurred pursuant thereto, (ii) all reimbursement obligations (if any) and interest thereon (including, without limitation, any interest accruing during the pendency of any Insolvency Proceeding regardless of whether allowed or allowable in such Insolvency Proceeding) with respect to any bankers' acceptance, letter of credit, letter of guarantee or similar instruments, in each case, issued pursuant thereto and (iii) all guarantee obligations, fees, expenses and other amounts payable from time to time pursuant to the applicable documents relating thereto, in each case whether or not allowed or allowable in an Insolvency Proceeding.

"**First Lien Credit Agreement Refinancing Agreements**" has the meaning ascribed to it in the definition of "First Lien Credit Agreement Obligations".

"**First Lien Credit Agreement Representative**" has the meaning ascribed to it in the preamble hereto.

"**First Lien Credit Agreement Required Lenders**" means means the "Majority of the Lenders", as defined in the First Lien Credit Agreement or, if the First Lien Credit Agreement Obligations outstanding under the First Lien Credit Agreements are Refinanced as contemplated by Section 8.5, as defined in the First Lien Credit Agreement Refinancing Agreements.

"**First Lien Creditors**" means the First Lien Credit Agreement Creditors and the Permitted Additional First Lien Debt Creditors.

"**First Lien Debt Agreements**" means the First Lien Credit Agreements and the Permitted Additional First Lien Debt Agreements.

"**First Lien Obligations**" means the First Lien Credit Agreement Obligations and the Permitted Additional First Lien Debt Obligations.

"**First Lien Refinancing Notice**" has the meaning ascribed to it in Section 8.5 hereof.

"**First Lien Representative**" means the First Lien Credit Agreement Representative and any Permitted Additional First Lien Debt Representative.

"**First Lien Security**" means all present and future "Security" (as defined in the First Lien Credit Agreement) granted to the First Lien Representatives by a Debtor to secure the First Lien Obligations, together with all other or additional security as may have been previously or may hereafter be granted by a Debtor to secure the First Lien Obligations.

"**First Priority Liens**" means all Liens on the Collateral securing the First Lien Obligations, whether created under the First Lien Security or acquired by possession, statute (including any judgment lien), operation of law, subrogation or otherwise.

"**Guarantors**" means, collectively, Calfrac US and any other person which becomes a Guarantor pursuant to Section 7.1 hereof.

"**Indenture**" has the meaning ascribed to it in the recitals hereto.

"**Insolvency Proceeding**" has the meaning ascribed to it in Section 4.1 hereof.

"**Intercreditor Agreement Joinder**" means with respect to the provisions of this Agreement relating to any Permitted Additional First Lien Debt or Refinancing of the Notes or the First Lien Debt Agreements, an agreement substantially in the form of Exhibit A-I, A-II or A-III, as applicable.

"**Liens**" means any mortgage, lien, pledge, charge (whether fixed or floating), security interest, conditional sale or title retention agreement (other than leases of office space and operating leases in respect of tangible personal property which are not in the nature of financing transactions) or other encumbrance of any kind, contingent or absolute but excludes any contractual right of set off created in the ordinary course of business and any writ of execution, or other similar instrument, arising from a judgment relating to the non-payment of indebtedness.

"**New First Lien Debt Agreements**" has the meaning ascribed to it in Section 8.5 hereof.

"**New First Lien Obligations**" has the meaning ascribed to it in Section 8.5 hereof.

"**New First Lien Representative**" has the meaning ascribed to it in Section 8.5 hereof

"**New Second Lien Debt Agreements**" has the meaning ascribed to it in Section 8.6 hereof.

"**New Second Lien Obligations**" has the meaning ascribed to it in Section 8.6 hereof.

"**New Second Lien Representative**" has the meaning ascribed to it in Section 8.6 hereof.

"**Note Holder**" means each registered holder of Notes.

"**Notes**" means the 10.875% second lien secured notes due March 15, 2026 issued by Calfrac Holdings.

"**Notice of Event of Default**" has the meaning ascribed to it in Section 2.1 hereof.

"**Obligations**" means, collectively, the First Lien Obligations and the Second Lien Obligations.

"**Permitted Additional First Lien Debt Agreements**" has the meaning ascribed to it in the definition of "Permitted Additional First Lien Debt Obligations".

"Permitted Additional First Lien Debt Creditors" means, collectively, any Permitted Additional First Lien Debt Representative and all Permitted Additional First Lien Debt Lenders.

"**Permitted Additional First Lien Debt Intercreditor Arrangements**" means all arrangements required by the First Lien Credit Agreement Representative relating to the priority of First Lien Security in connection with the establishment of any Permitted Additional First Lien Debt Obligations including, without limitation, the execution and delivery of an intercreditor and priority agreement on terms and conditions satisfactory to the First Lien Credit Agreement Representative, acting reasonably.

"**Permitted Additional First Lien Debt Lenders**" means all banks and financial institutions party to any Permitted Additional First Lien Debt Agreement, from time to time, as lenders thereunder.

"**Permitted Additional First Lien Debt Obligations**" means: (a) any secured indebtedness (other than the First Lien Credit Agreement Obligations) that is expressly permitted under the First Lien Credit Agreement and the Indenture; provided, however, that any Permitted Additional First Lien Debt Representative in respect of such indebtedness shall have executed and delivered an Intercreditor Agreement Joinder and entered into Permitted Additional First Lien Debt Intercreditor Arrangements with the First Lien Credit Agreement Representative and (b) with respect to any other secured credit agreement, loan agreement, note agreement, promissory note, indenture or other agreement or instrument evidencing or governing the terms of any Refinancing Indebtedness of Permitted Additional First Lien Debt Obligations (collectively, with any such agreement or instrument evidencing or governing the terms of the secured indebtedness in clause (a), the "**Permitted Additional First Lien Debt Agreements**"), such Refinancing Indebtedness.

"**Permitted Additional First Lien Debt Representative**" has the meaning ascribed to it in the preamble hereto.

"**Plan**" means a plan or compromise, arrangement or reorganization in any Insolvency Proceeding.

"**Property**" means any interest in any kind of property, asset, undertakings, rights and interests, whether real, personal, mixed or profits a prendre, or tangible or intangible, including cash, securities, accounts and contract rights.

"**Proposal**" means a proposal under the BIA.

"**Reallocable Payment**" has the meaning ascribed to it in Section 3.6 hereof.

"**Refinance**" means, in respect of any Obligations, to refinance, extend, renew, restructure or replace, or to issue other indebtedness in exchange or replacement for, such Obligations, in whole or in part, and "**Refinanced**" and "**Refinancing**" shall have correlative meanings.

"**Refinancing Indebtedness**" means indebtedness that Refinances First Lien Obligations or Second Lien Obligations pursuant to Section 8.5 or 8.6, as applicable.

"**Release**" has the meaning ascribed to it in Section 5.3 hereof.

"Required First Lien Debtholders" means to the extent the First Lien Credit Agreement Obligations are the only First Lien Obligations, the First Lien Credit Agreement Required Lenders, (ii) to the extent there are First Lien Credit Agreement Obligations and Permitted Additional First Lien Credit Obligations, the First Lien Credit Agreement Required Lenders and (iii) to the extent there are Permitted Additional First Lien Credit Obligations but the Discharge of First Lien Credit Agreement Obligations has occurred, the holders of a majority (subject to any voting restrictions contained in any Permitted Additional First Lien Debt Agreements for "defaulting lenders" and other lenders that are not entitled to vote) of the sum of the aggregate principal amount of Permitted Additional Debt First Lien Obligations outstanding and of commitments with respect thereto, if any.

"Restricted Rights" has the meaning ascribed to it in Section 5.1(a) hereof.

"**Second Lien Agreements**" has the meaning ascribed to it in the definition of "Second Lien Obligations".

"**Second Lien Collateral**" means all Property of a Debtor, whether real, personal or mixed, now or at any time hereafter subject to Liens securing any Second Lien Obligations.

"Second Lien Creditors" means, collectively, the Second Lien Representative and the Note Holders, and "**Second Lien Creditor**" means any one of them.

"**Second Lien Obligations**" means: (a) all "Obligations" (as defined in the Indenture) and (b) with respect to any other credit agreement, loan agreement, note agreement, promissory note, indenture or other agreement or instrument evidencing or governing the terms of any Refinancing Indebtedness (collectively, together with the Indenture, the "**Second Lien Agreements**"), such Refinancing Indebtedness, including, without limitation: (i) all principal and interest (including, without limitation, any interest accruing during the pendency of any Insolvency Proceeding regardless of whether allowed or allowable in such Insolvency Proceeding) and premium (if any) on all loans made or other indebtedness issued or incurred pursuant thereto and (ii) all guarantee obligations, fees, expenses and other amounts payable from time to time pursuant thereto, in each case whether or not allowed or allowable in an Insolvency Proceeding.

"**Second Lien Refinancing Notice**" has the meaning ascribed to it in Section 8.6 hereof.

"**Second Lien Representative**" shall have the meaning ascribed to it in the preamble hereto.

"**Second Lien Security**" means all present and future "Collateral" (as defined in the Indenture) granted to the Second Lien Representative by a Debtor to secure the Second Lien Obligations, together with all other or additional security as may hereafter be granted by a Debtor to secure the Second Lien Obligations.

"**Second Priority Liens**" means all Liens on the Collateral securing the Second Lien Obligations, whether created under the Second Lien Security or acquired by possession, statute (including any judgment Lien), operation of law, subrogation or otherwise.

"**Secured Parties**" means the First Lien Creditors (and each First Lien Representative on their behalf) and the Note Holders (and the Second Lien Representative on their behalf), as the case may be, including each of their respective successors and permitted assigns and "**Secured Party**" means any one of them.

"**Secured Swap Obligations**" means any "Lender Financial Instrument Obligations" (as such term is defined in the First Lien Credit Agreement or, if the First Lien Credit Agreement Obligations outstanding under the First Lien Credit Agreements are Refinanced as contemplated by Section 8.5, as defined in the New First Lien Credit Agreements).

"Standstill Period" has the meaning ascribed to it in Section 5.1(a) hereof.

"**Swap Lenders**" means the lenders from time to time under the First Lien Credit Agreement and each of their "Hedging Affiliates" (as such term is defined in the First Lien Credit Agreement), or if the First Lien Obligations outstanding under the First Lien Credit Agreements are Refinanced as contemplated by Section 8.5, as defined in the New First Lien Credit Agreements.

"Trigger Event" has the meaning ascribed to it in Section 4.4 hereof.

"**U.S. Bankruptcy Code**" means Title 11 of the United States Code, as amended.

"**WURA**" means the Winding-up and Restructuring Act (Canada), as may be amended from time to time.

1.2 In this Agreement:

(a) headings are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement;

(b) words importing the singular number include the plural and vice versa and words importing gender include masculine, feminine and neuter;

(c) references to "**herein**", "**hereunder**" and similar expressions shall be a reference to this Agreement and not to any particular section;

(d) references to "**in writing**" or "**written**" include printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including by facsimile;

(e) unless otherwise noted, all references to "**Section**" refer to a section, subsection or paragraph of this Agreement, as the case may be;

(f) words and terms denoting inclusiveness (such as "**include**", "**includes**" or "**including**"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them; and

(g) all monetary references herein shall be to Canadian dollars except as specifically noted herein.

ARTICLE 2
NOTICE OF EVENT OF DEFAULT

2.1 Without limiting the other terms of this Agreement, if a Secured Party (a) causes an Acceleration to take place, (b) issues a notice of intention to enforce security pursuant to section 244 of the BIA, (c) commences or initiates an Enforcement Action under the First Lien Security or the Second Lien Security, as applicable, over the Collateral, or any part thereof, (d) commences any action or proceeding to enforce, collect or receive payment of its respective Obligations or (e) has actual knowledge of the occurrence of a continuing default or event of default under its Credit Facility or the Notes, then such Secured Party shall, as soon as is practicable in the circumstances with the occurrence of any of the events referred to above, notify the other Secured Parties (or the First Lien Representatives or the Second Lien Representative, as applicable, on their behalf) of such event, together with reasonable particulars thereof (a "**Notice of Event of Default**"). Without limiting the other terms of this Agreement, no First Lien Representative shall be liable to the Second Lien Representative and the Second Lien Representative shall not be liable to the any First Lien Representative, as the case may be, for any accidental failure to give a Notice of Event of Default pursuant to this Section 2.1 and the failure to give the notices required pursuant this Section 2.1 shall not release, restrict or otherwise affect any of the obligations of the Secured Parties hereunder nor limit, derogate from or otherwise affect any of the other provisions hereof or the effect thereof.

ARTICLE 3
PRIORITY OF LIENS; PAYMENTS

3.1 Each First Lien Representative acknowledges and consents to:

(a) the Second Lien Obligations, including the issuance of the Notes under the Indenture, on and subject to the terms of the Indenture; and

(b) the granting by the Debtors of the Second Lien Security.

3.2 The Second Lien Representative acknowledges and consents to:

(a) the First Lien Obligations, including (i) the borrowings under the First Lien Credit Agreement, on and subject to the terms of the First Lien Credit Agreement and the other documents governing the Cash Management Obligations and the Secured Swap Obligations and (ii) any borrowings under the Permitted Additional First Lien Debt Agreements on and subject to the terms of the Permitted Additional First Lien Debt Agreements; and

(b) the granting by the Debtors of the First Lien Security.

3.3 The parties hereto agree that it is their intention that the First Lien Collateral and the Second Lien Collateral are to be identical (other than with respect to the first lien and second lien nature of the Obligations thereunder), and, so long as the Discharge of First Lien Obligations has not occurred, the Debtors shall not (and shall ensure that no subsidiary of a Debtor shall):

(a) subject to Section 4.2 and Section 7.1, grant or permit any additional Liens on any Property to secure any Second Lien Obligations unless it has granted, or concurrently therewith grants, a senior Lien on such Property to secure the First Lien Obligations subject to the terms of this Agreement, or

(b) subject to Section 7.1, grant or permit any additional Liens on any Property to secure any First Lien Obligations unless it has granted, or concurrently therewith grants, a junior Lien on such Property to secure the Second Lien Obligations subject to the terms of this Agreement,

in each case, with each such Lien and any Collateral relating thereto or proceeds thereof to be subject to the provisions of this Agreement.

Notwithstanding the terms hereof, each First Lien Representative acknowledges and agrees that Calfrac Holdings may deposit funds in trust with the Second Lien Representative (or any other trustee as required under the Indenture) in accordance with the defeasance and discharge provisions set out in the Indenture to the extent (i) no Notice of Event of Default has been delivered, (ii) Calfrac Holdings is permitted to do so under applicable law without preference and under the Indenture and (iii) it is not prohibited from doing so under any of the First Lien Debt Agreements, without providing such trust monies or cash collateral, as applicable, to the other Secured Parties.

3.4 Without in any way derogating from Article 10 hereof, notwithstanding the dates of execution and delivery of the First Lien Security or the Second Lien Security, the dates of attachment, filing or perfecting thereof, the giving of notice in respect thereof, the nature of the Liens granted therein, the date of default by a Debtor under the First Lien Security or the Second Lien Security, the time of crystallization thereof, the dates of any advances or the institution of any proceedings thereunder, any priority granted by a principle of law or any statute (including, for certainty and without limitation, applicable law or statute of the United States of America or any state thereof), including the *Personal Property Security Act* (Alberta), the *Land Titles Act* (Alberta),the *Law of Property Act* (Alberta), the *Mines and Minerals Act* (Alberta), the BIA, the CCAA, or any similar statutes in Alberta or any other jurisdiction, but subject in all events to the terms and conditions of this Agreement, except as expressly set out herein,

(a) any First Priority Lien now or hereafter held by or for the benefit of the First Lien Creditors (or any of them) shall be senior in right, priority, operation, effect and all other respects to any and all Second Priority Liens;

(b) any Second Priority Lien now or hereafter held by or for the benefit of the Second Lien Representative and the Note Holders (or any of them) shall be junior and subordinate in right, priority, operation, effect and all other respects to any and all First Priority Liens; and

(c) the First Priority Liens shall be and remain senior in right, priority, operation, effect and all other respects to any Second Priority Liens for all purposes, whether or not any First Priority Liens are subordinated in any respect to any other Lien securing any other obligation of a Debtor or any other person.

3.5 Without in any way derogating from Article 10 hereof, so long as the Discharge of First Lien Obligations has not occurred, and regardless of whether an Insolvency Proceeding has been commenced, any Collateral or proceeds thereof received by the Designated First Lien Representative in connection with any Disposition of, or collection on, such Collateral following an Enforcement Action shall be applied by the Designated First Lien Representative to the First Lien Obligations (including to cash collateralize such First Lien Obligations) together with concurrent and permanent reduction of any revolving credit commitment thereunder in an amount equal to the amount of such application of Collateral or proceeds thereof. Upon the Discharge of First Lien Obligations, the Designated First Lien Representative shall deliver to the Second Lien Representative any remaining Collateral and any proceeds thereof then held by it in the same form as received, together with any necessary endorsement or assignment, or as a court of competent jurisdiction may otherwise direct, to be applied by the Second Lien Representative to the Second Lien Obligations.

3.6 If, after the issuance of a Notice of Event of Default that has not been rescinded in writing, any Secured Party receives any payment, benefit, Collateral, or distribution, whether voluntary or involuntary, all or part of which payment, benefit or distribution (the "**Reallocable Payment**") should have, by virtue of Section 3.3, Section 3.4 or Section 3.5 hereof, been paid to another Secured Party, then the applicable receiving Secured Party shall hold the Reallocable Payment received by it in trust for such other Secured Party (in the case of a payment received by the Note Holders or the Second Lien Representative, in trust for the Designated First Lien Representative or in the case of receipt by any First Lien Creditor, in trust for the Second Lien Representative) and shall forthwith notify and pay to such other Secured Party, in the form received with any necessary endorsement or assignment, the Reallocable Payment for application against the First Lien Obligations or the Second Lien Obligations, as applicable. For certainty, any Secured Party shall be liable for and shall hold in trust the Reallocable Payment only to the extent actually received.

3.7 Without in any way derogating from Article 10 hereof, the rights and priorities of the Secured Parties in connection with the Obligations are as set out in this Agreement and the Lien subordinations provided for herein shall apply in all events and circumstances, notwithstanding any other priorities which any Secured Party may have or to which it is or may become entitled by any reason whatsoever including, without limitation:

(a) the time, sequence or order of creating, granting, executing, delivering or registering any security document or security notice, caveat, financing statement or other similar document under the First Lien Security or the Second Lien Security;

(b) the date of any advance of funds made by a Secured Party under its Credit Facility or in respect of the Notes, as applicable;

(c) the date or dates of any default by a Debtor under the First Lien Debt Agreements, the First Lien Security, the Indenture, the Second Lien Security or any other agreement or documentation in relation thereto;

(d) the time or order of giving any notice or the making of any demand under any of the Credit Facilities or the Notes, as applicable, or the attachment, perfection or crystallization of any security interest constituted by the First Lien Security or the Second Lien Security;

(e) the date of or the giving of any Notice of Event of Default or the failure to give such notice;

(f) the date of appointment of any trustee in bankruptcy, interim receiver, receiver or receiver-manager of a Debtor, or the exercise of any other collection, enforcement or realization rights or remedies, or the taking of any collection, enforcement or realization proceedings pursuant to a Credit Facility or the Notes, as applicable;

(g) the date of obtaining any judgment of any court administering bankruptcy, insolvency or similar proceedings as to any Property of a Debtor or the commencement of any Insolvency Proceeding;

(h) the giving or failure to give any notice, or the order of giving any notice to a Debtor, or any other person including, without limitation, any person indebted to a Debtor;

(i) the failure to exercise any power or remedy reserved to any Secured Party under any of its Credit Facilities or the Notes, as applicable, or to insist upon a strict compliance with any of the terms thereof;

(j) any other factor of legal relevance including, without limitation, any priority granted to any Secured Party by any applicable principle of law or equity; or

(k) any amendments or other actions allowed under Section 8.1 and 8.2 hereof.

3.8 No Secured Party shall, by virtue of this Agreement, be required to perform and shall not be considered to have assumed any liability or obligation of the Debtors, as applicable, or its predecessors in respect of its Credit Facility or the Notes, as applicable.

3.9 Other than the Secured Parties or their successors or permitted assigns, no creditor of a Debtor, and no trustee in bankruptcy, receiver, interim receiver, receiver-manager or monitor of a Debtor, and no other person shall be entitled to any benefit under this Agreement including, without limitation, to claim any priority over any of the Secured Parties and this Agreement may not be relied upon by any other party in any proceeding or Insolvency Proceeding by any party not a signatory hereto other than as set forth herein.

3.10 Nothing contained in this Agreement is intended to or shall impair the Obligations, including without limitation, the obligations of the Borrower or Calfrac Holdings, as applicable, to pay to each of the Secured Parties, the debts and liabilities secured by the First Lien Security and the Second Lien Security, respectively, including the principal thereof and the interest thereon as and when the same shall become due and payable in accordance with their respective terms. Nothing contained in this Agreement is intended to or shall prevent the Secured Parties from exercising all remedies permitted by applicable law upon default under the terms of the First Lien Security and the Second Lien Security, respectively, subject to the priorities created by and the subordinations contained in this Agreement and subject to Article 5, Article 10, the Permitted Additional First Lien Debt Intercreditor Arrangements and the other provisions of this Agreement.

3.11 Upon the written request of the Designated First Lien Representative, acting reasonably, the Second Lien Representative shall file, or cause to be filed, at the sole cost of the Debtors, such financing change statements at the Alberta Personal Property Registry and make any other recordations or filings in any other registry or office in order to reflect the priorities set out in Section 3.4 hereof.

3.12 Notwithstanding any other term or condition hereof, no First Lien Representative shall have any obligation to the Second Lien Representative and the Second Lien Representative shall have no claim against any monies in any account of any Debtor maintained at any First Lien Representative or any monies deposited in or disbursed from any such account, except to the extent of amounts deposited to such an account after the delivery by the Second Lien Representative to each First Lien Representative of a Notice of Event of Default and after the Discharge of First Lien Obligations (provided, however, that the proceeds of any such account remain subject to the Second Priority Liens and the other provisions of this Article 3). Each

Debtor authorizes each First Lien Representative to put any account of such Debtor on restraint upon and following the delivery of any Notice of Event of Default by any Secured Party.

3.13 Notwithstanding any other term or condition hereof, to the extent that any Lien on any Collateral is perfected by the possession or control of such Collateral or of any account in which such Collateral is held, and if such Collateral or any such account is in fact in the possession or under the control of the Designated First Lien Representative, or of agents or bailees of the Designated First Lien Representative, the perfection actions and related deliverables described in this Agreement or the other Security Documents shall be deemed satisfied as to such Collateral.

3.14 The Second Lien Representative acknowledges that the First Lien Credit Agreement provides for revolving credit facilities and, prior to the occurrence of an acceleration under the First Lien Credit Agreement, the amount of any loans or advances made thereunder may be repaid by the Borrower without any reduction in the commitments or the maximum principal amount available thereunder and thereafter re-borrowed.

ARTICLE 4
PRIORITY OF LIENS

4.1 In the event of any insolvency or bankruptcy proceeding or any receivership, interim-receivership, liquidation, arrangement, reorganization, restructuring or similar proceedings (including any plan of arrangement or compromise under any statute or law (including, for certainty and without limitation, the U.S. Bankruptcy Code and any other statute or law of United States of America or any state thereof) where a corporation proposes an arrangement involving a compromise or conversion of liabilities) in connection therewith relative to a Debtor or its Property, or in the event of any proceedings for voluntary liquidation, dissolution or winding up of a Debtor under the BIA, the CCAA, the WURA or any other applicable statute or law (including, for certainty and without limitation, the U.S. Bankruptcy Code and any other statute or law of United States of America or any state thereof), or in the event of a Proposal by a Debtor (or the filing of a notice of intention to make a proposal) or in the event of any corporate reorganization of a Debtor to which either the Designated First Lien Representative or the Second Lien Representative does not consent in advance (collectively, "**Insolvency Proceeding**"):

(a) Expressly subject to the provisions of the Permitted Additional First Lien Debt Intercreditor Arrangements, each First Lien Representative, on behalf of itself and each applicable First Lien Creditor under its First Lien Debt Agreements, shall first be entitled to receive from the proceeds of the Collateral indefeasible payment in full of the First Lien Obligations under the First Lien Debt Agreements, in cash before the Second Lien Representative shall be entitled to receive and retain any payment or distribution on account of the Second Lien Obligations from proceeds of the Collateral and, as between the First Lien Representatives, on behalf of the First Lien Creditors, and the Second Lien Representative, the First Lien Representatives shall be entitled to receive from proceeds of the Collateral for application in payment of the First Lien Obligations any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such Insolvency Proceeding in respect of the Second Lien Obligations until the First Lien Obligations are indefeasibly paid in full in cash; and

(b) the Second Lien Representative shall, if and only if a Discharge of First Lien Obligations has occurred, be thereafter entitled to any payment or distribution from proceeds of the Collateral to the extent of the Second Lien Obligations and provided and effective only after each First Lien Representative has received in full in cash, and is entitled to retain, final and irrevocable payment of the First Lien Obligations. The First Lien Representatives' rights, whether at law, in equity, under the First Lien Security or otherwise, to each and all distributions of said remaining proceeds shall, following Discharge of First Lien Obligations, be subordinated to the rights of the Second Lien Representative under the Second Lien Security to the extent of the Second Lien Obligations.

For greater certainty, if, in the event of a distribution, division or application of all or any part of the Collateral, a Discharge of First Lien Obligations has not occurred out of the proceeds therefrom, any proceeds received by or on behalf of the Second Lien Representative in respect of proceeds of Collateral shall be received and held in trust for the Designated First Lien Representative and constitute a Reallocable Payment under Section 3.6 up to the amount that is required to Discharge the First Lien Obligations.

4.2 Unless the Designated First Lien Representative is concurrently taking action to effect a registration of a fixed charge and the Second Lien Representative is permitted to do so under the Indenture, the Second Lien Representative shall not register any fixed charge against any assets of any Debtor in respect of or as security for the Second Lien Obligations except to the extent it has provided the Designated First Lien Representative with 10 Business Days prior written notice of its intention to register such fixed charge security, together with true copies of the registrable security proposed to be registered by it and the Second Lien Representative can only effect such fixed charge after the Designated First Lien Representative has effected its registration of fixed charge security on the subject assets or has failed to commence action to effect a registration of such fixed charge within 10 Business Days of receipt of the notice referenced above. Any fixed charge security registered in favour of the Second Lien Representative shall nonetheless be subject to the Lien subordinations provided for in Section 3.4 and the other provisions of this Agreement.

4.3 Each of the Secured Parties, as the case may be, and the Debtors shall, at any time or times upon the reasonable written request of the relevant Secured Party, promptly furnish to the other Secured Party true, correct and complete statements of the outstanding Obligations.

4.4 The Second Lien Creditors may, but shall not be obligated to, following the occurrence of (each a **"Trigger Event"**):

(a) the Acceleration of the principal of the First Lien Obligations;

(b) termination of all commitments to lend and all obligations to issue or extend letters of credit or letters of guarantee under the First Lien Credit Agreement (except in the case of a termination by the Borrower in connection with a Discharge of First Lien Obligations);

(c) an Enforcement Action by the Designated First Lien Representative (or any person authorized by it) with respect to all or substantially all of the Collateral;

(d) the Disposition of all or substantially all of the First Lien Collateral that results in the release of the Lien of the First Lien Creditors thereon (except in connection with a Discharge of First Lien Obligations); or

(e) the commencement of an Insolvency Proceeding against any Debtor by any First Lien Creditor or First Lien Representative on behalf of the First Lien Creditors,

within thirty (30) days (or such longer period as the Designated First Lien Representative may agree to, in its sole discretion) after the Second Lien Representative has notice from the Designated First Lien Representative that a Trigger Event has occurred (which notice the Designated First Lien Representative shall provide the Second Lien Representative as soon as practicable in the circumstances following a Trigger Event), unconditionally and irrevocably purchase in full all (but not less than all) of the First Lien Obligations at par, and upon receipt in full of such payment (in immediately available funds) and arrangements (including cash collateralization) reasonably satisfactory to the Operating Lender and the Swap Lenders with respect to any letters of credit or letters of guarantee or outstanding exposure under any agreements evidencing Secured Swap Obligations by the Designated First Lien Representative, the Designated First Lien Representative and the First Lien Creditors shall assign to the Second Lien Representative or its designee, free and clear of encumbrances, all of the rights of the First Lien Representative and the First Lien Creditors under and pursuant to each of the First Lien Credit Agreement and the First Lien Security on an "as is" basis, without representation (other

than standard LSTA representations associated with assignments of loans and commitments) or warranty and without any recourse to or liability of any First Lien Representative or the First Lien Creditors, by assignment in form acceptable to the Designated First Lien Representative; *provided*, that such assignment shall not conflict with any law, rule or regulation or order of any court or other governmental authority having jurisdiction and; *provided, further,* that each First Lien Creditor will retain all rights to indemnification provided by any Debtor in the relevant First Lien Debt Agreements for all claims and other amounts relating to periods prior to the purchase of the First Lien Obligations pursuant to this Section 4.4. Nothing in this Agreement shall restrict the Second Lien Representative in the exercise of any rights under the Indenture or the Second Lien Security for the purpose of exercising any rights under this Section 4.4. For clarity, the Second Lien Representative shall not be subrogated to, or be entitled to any assignment of any of the First Lien Obligations or of the First Lien Security until all First Lien Obligations, as identified in the Designated First Lien Representative's notices set forth above, are irrevocably, indefeasibly paid to the Designated First Lien Representative in full. The Designated First Lien Representative shall promptly provide to the Second Lien Representative a written statement of the outstanding First Lien Obligations following the receipt of a request from the Second Lien Representative in connection with an exercise of rights under this Section 4.4.

Calfrac Holdings acknowledges and agrees that any payments or distributions in cash, property, or other assets received by the Second Lien Representative that are paid over to the Designated First Lien Representative, whether pursuant to or by virtue of this Agreement, applicable law, or otherwise, shall not in any event reduce any of the Second Lien Obligations owing by Calfrac Holdings to the Second Lien Representative and the Note Holders (and each of them).

4.5 The Borrower acknowledges and agrees that any payments or distributions in cash, property, or other assets received by any First Lien Representative that are paid over to the Second Lien Representative, whether pursuant to or by virtue of this Agreement, applicable laws or otherwise, shall not in any event reduce any of the First Lien Obligations owing by the Borrower to the First Lien Creditors (and each of them).

ARTICLE 5
STANDSTILL AND RELEASE

5.1

(a) Neither the Second Lien Representative nor any Note Holder shall take any Enforcement Action under the Second Lien Security or initiate or commence an Insolvency Proceeding (or consent to or support any other person in taking any such actions) (the "**Restricted Rights**"), until at least 180 days after the date the Second Lien Representative has given to each First Lien Representative a written notice of the occurrence of an Event of Default under and as defined in the Indenture, that repayment of all of the Second Lien Obligations has been Accelerated and that the Note Holders are seeking to enforce, exercise, institute or commence (as the case may be) Restricted Rights (the "**Standstill Period**"); provided that, notwithstanding anything herein to the contrary, in no event shall any Note Holder or the Second Lien Representative be entitled to enforce or exercise any Restricted Rights if, notwithstanding the expiration of the Standstill Period, the First Lien Creditors or the Designated First Lien Representative on behalf of the First Lien Creditors: (i) shall have commenced and be diligently pursuing the exercise of their rights or remedies with respect to all or substantially all of the Collateral or (ii) are stayed or otherwise precluded from pursuing such rights or remedies pursuant to applicable laws or Insolvency Proceedings (including pursuant to any order made in connection therewith). For certainty, if the Second Lien Representative or any Note Holder is entitled to proceed with any Enforcement Action or to exercise any Restricted Rights following the expiry of the Standstill Period, it is hereby acknowledged and agreed that (A) the Second Priority Lien remains junior and subordinate in right, priority, operation, effect and all other respects to any and all First Priority Liens and (B) the First Lien Representatives shall be entitled to receive from the proceeds of the Collateral indefeasible payment in full of the First Lien Obligations under the First Lien Debt Agreements.

(b) Notwithstanding Section 5.1(a), the Second Lien Representative on behalf of the Note Holders may at any time:

(i) accelerate the Second Lien Obligations in accordance with the Second Lien Agreements;

(ii) file any proof of claim with respect to the Second Lien Obligations in an Insolvency Proceeding (provided that such proof of claim shall not include a claim to priority that is equal to or in priority to the First Lien Obligations;

(iii) take any action in order to create, perfect, preserve or protect (but not enforce) the Second Lien Security against the Collateral;

(iv) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims of any Note Holder, including any claims secured by the Second Lien Collateral, if any;

(v) file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Debtors arising under any insolvency law or other applicable law, so long as (x) no Restricted Rights are commenced or exercised and (y) no action or proceeding for enforcement, realization, foreclosure, collection, seizure, garnishment or execution (in any case in respect of the Collateral and, for certainty, whether as a secured or an unsecured creditor) is instituted or commenced;

(vi) exercise any of their rights or remedies with respect to the Collateral after the termination of the Standstill Period but only to the extent permitted by Section 5.1(a) which, for certainty, prohibits any Note Holders or the Second Lien Representative from enforcing exercising any Restricted Rights if, notwithstanding the expiry of the Standstill Period, the First Lien Creditors or the Designated First Lien Representative on behalf of the First Lien Creditors: (A) shall have commenced and be diligently pursuing the exercise of their rights or remedies with respect to all or substantially all of the Collateral or (B) are stayed or otherwise precluded from pursuing such rights or remedies pursuant to applicable laws or Insolvency Proceedings (including pursuant to any order made in connection therewith);

(vii) impose the default rate of interest under the Indenture;

(viii) receive any payment or distribution under or pursuant to a plan of reorganization, plan of arrangement or similar dispositive restructuring plan which has been confirmed pursuant to a final, non-appealable order in a case under any Insolvency Proceeding; but, in any case, such payments and distributions shall remain subject to the terms of this Agreement;

(ix) inspect or appraise the Collateral or perform a valuation of the Debtors' business (and to engage or retain investment bankers, consulting firms or appraisers for the purpose of appraising or valuing the Collateral or performing a valuation of the business), or to receive information or reports concerning the Collateral;

(x) to the extent not inconsistent with or expressly prohibited by the provisions hereof, take any action to the extent necessary to prevent the running of any applicable statute of limitation or similar restriction on claims, or to assert a compulsory cross claim or counterclaim against any debtor;

(xi) vote on any plan of reorganization, arrangement, compromise or liquidation subject to the terms of this Agreement and that is not inconsistent with the terms of this Agreement; and

(xii) effect a registration of a fixed charge with respect to the rolling stock of the Borrower: provided that (w) an Event of Default has occurred and is continuing under the Indenture, (x) it has provided the Designated First Lien Representative with 10 Business Days prior written notice of its intention to take such action, (y) after receipt of such notice and the expiry of the 10 Business Day Period, the Designated First Lien Representative is not concurrently taking such action and (z) any such fixed charge security registered in favour of the Second Lien Representative shall nonetheless be subject to the Lien subordinations provided for in Section 3.4 and the other provisions of this Agreement;

in each case, to the extent, but only to the extent, that any of the foregoing:

(i) is in compliance with, is not inconsistent with and does not contravene, the other provisions of this Agreement; and

(ii) does not adversely affect the validity or enforceability of, the First Lien Security or the priority thereof, or any of the First Lien Creditors' entitlements to the First Lien Obligations or the rights or claims thereto.

(c) In any Insolvency Proceeding, the Note Holders, or the Second Lien Representative on their behalf, shall not propose, approve or support any application, motion, request for relief, Proposal or Plan which: (i) is inconsistent with the priorities and ranking of Liens contained herein or the other provisions hereof; or (ii) in the case of a Proposal or Plan, does not contemplate and provide for the Discharge of First Lien Obligations in cash, unless previously approved in writing by the Required First Lien Debtholders or at any time after the Discharge of First Lien Obligations.

5.2 (a) Unless and until the Discharge of First Lien Obligations shall have occurred, the Second Lien Representative agrees to, at the expense of the Debtors, release or otherwise terminate any Lien (or consent to the vesting out of such Lien in any Insolvency Proceeding) the Second Lien Representative may have or hold, under the Second Lien Security or otherwise, in and upon the Property of a Debtor which may be sold or otherwise disposed of either by the Designated First Lien Representative, or its interim receiver, receiver, receiver-manager or agent pursuant to the enforcement of the First Lien Debt Agreements or First Lien Security or in an Insolvency Proceeding immediately upon the Designated First Lien Representative, its interim receiver, receiver, receiver-manager or agent's written notice that the Property of a Debtor will be Disposed of, and, if required to give effect to the foregoing, to immediately deliver registrable discharges and releases and such other documents as the Designated First Lien Representative or its receiver, receiver- manager or agent may reasonably require in connection therewith. For certainty, the Second Lien Security will continue in the proceeds of any sale, subject to the priorities set out herein and the other terms of this Agreement.

(b) After the Discharge of First Lien Obligations, each of the First Lien Representatives agrees to, at the expense of the Debtors, release or otherwise terminate any Lien (or consent to the vesting out of such Lien in any Insolvency Proceeding) such First Lien Representative may have or hold, under the First Lien Security, in and upon the Property of a Debtor which may be Disposed of either by the Second Lien Representative, or its receiver, receiver-manager or agent pursuant to the enforcement of the Indenture or the Second Lien Security, or in an Insolvency Proceeding, immediately upon the Second Lien Representative, its interim receiver, receiver, receiver-manager or agent's written notice that such Property will be Disposed of, and, if required to give effect to the foregoing, to immediately deliver registrable discharges and releases and such other documents as the Second Lien Representative or its interim receiver, receiver, receiver-manager or agent may reasonably require in connection therewith.

5.3 If, in connection with (a) any Disposition of any Collateral permitted under the terms of the First Lien Debt Agreements and the Indenture other than pursuant to an Enforcement Action or (b) an Enforcement Action, the Designated First Lien Representative, for itself and on behalf of the First Lien Creditors, (i) releases any of the First Priority Liens or (ii) releases any Debtor from its obligations under its guarantee of the First Lien Obligations (in each case, a "**Release**"), other than any such Release granted after the occurrence of the Discharge of First Lien Obligations, then the Second Priority Liens on such Collateral, and the obligations of such Debtor under its guarantee of the Second Lien Obligations, shall be automatically, unconditionally and simultaneously released, and the Second Lien Representative shall, for itself and on behalf of the Note Holders, promptly execute and deliver to the Designated First Lien Representative or such Debtor such financing change statements, discharges, termination statements, releases and other documents as the Designated First Lien Representative or the relevant Debtor may reasonably request to effectively confirm such Release, all at the expense of the Debtors; *provided* that (A) in the case of a Disposition of Collateral (other than any such Disposition in connection with an Enforcement Action taken in connection with the First Lien Obligations with respect to the Collateral), the Second Priority Liens shall not be so released if such Disposition is not permitted under the terms of the Indenture (other than solely as the result of the existence of a default or event of default under the Second Lien Agreements or the Second Lien Security) and (B) any proceeds received from such Disposition in connection with an Enforcement Action taken in connection with the First Lien Obligations with respect to the Collateral shall be applied by the Designated First Lien Representative to the First Lien Obligations until a Discharge of First Lien Obligations has occurred with any excess being delivered to the Second Lien Representative as contemplated herein. For certainty, unless expressly requested by the Borrower, the proceeds of any Permitted Disposition (as defined in the First Lien Credit Agreement), or other disposition permitted by the First Lien Credit Agreement, that are used to repay or pay, as applicable, the First Lien Credit Agreement Obligations shall, prior to the commencement of an Enforcement Action, not result in a reduction in the commitments or the maximum principal amount available under the First Lien Credit Agreement.

5.4 Until the Discharge of First Lien Obligations occurs, the Second Lien Representative, for itself and on behalf of each Note Holder, hereby appoints the Designated First Lien Representative, and any officer or agent of the Designated First Lien Representative, with full power of substitution, as the attorney-in-fact of the Second Lien Representative and each Note Holder for the purpose of carrying out the provisions of Section 5.3 and taking any action and executing any instrument that the Designated First Lien Representative may deem necessary or advisable to accomplish the purposes of Section 5.3 (including any endorsements or other instruments of transfer or release), which appointment is irrevocable and coupled with an interest.

5.5 The Second Lien Representative agrees that, upon termination of the Standstill Period, if any Note Holder or the Second Lien Representative or other representative of such Note Holder intends to commence any Enforcement Action or exercise any other Restricted Rights, then the Note Holder or the Second Lien Representative or other representative shall first deliver notice thereof in writing to the Designated First Lien Representative both (a) not less than ten (10) days prior to taking any such Enforcement Action or exercising any other Restricted Rights and (b) within three (3) days after each such Enforcement Action is taken or other Restricted Right is exercised. Such notices may be given during the Standstill Period.

With respect to any such Enforcement Action or exercise of Restricted Rights by the Second Lien Representative or any Note Holder, the Designated First Lien Representative shall be entitled to receive from the proceeds of the Collateral indefeasible payment in full of the First Lien Obligations under the First Lien Debt Agreements in accordance with this Agreement until Discharge of First Lien Obligations.

5.6 So long as the Discharge of First Lien Obligations has not occurred, the Designated First Lien Representative and the First Lien Creditors shall have the exclusive right, subject to the rights of the Debtors under the First Lien Security, to settle and adjust claims in respect of Collateral under policies of insurance covering Collateral and to approve any award granted in any condemnation or similar proceeding, or any deed in lieu of condemnation, in respect of the Collateral. All

proceeds of any such policy and any such award, or any payments with respect to a deed in lieu of condemnation, shall (a) first, prior to the Discharge of First Lien Obligations and subject to the rights of the Debtors under the First Lien Debt Agreements, be paid to the Designated First Lien Representative for the benefit of the First Lien Creditors pursuant to the terms of the First Lien Debt Agreements and the Permitted Additional First Lien Debt Intercreditor Arrangements, (b) second, after the Discharge of First Lien Obligations and subject to the rights of the Debtors under the Second Lien Agreements, be paid to the Second Lien Representative for the benefit of the Note Holders pursuant to the terms of the Second Lien Agreements and (c) third, be paid to the owner of the subject Property, such other person as may be entitled thereto or as a court of competent jurisdiction may otherwise direct. Until the Discharge of First Lien Obligations has occurred, if the Second Lien Representative or any Note Holder shall, at any time, receive any proceeds of any such insurance policy or any such award or payment, it shall transfer and pay over such proceeds to the Designated First Lien Representative in accordance with Section 3.6.

5.7 The First Lien Credit Agreement Creditors shall have the right to make further advances under the First Lien Credit Agreement as they see fit in order to preserve or protect the Collateral of the Debtors or any part thereof and all such sums advanced to preserve or protect the Collateral of the Debtors or any part thereof will constitute and form part of the First Lien Obligations owing to the First Lien Credit Agreement Creditors and shall be secured by the First Lien Security.

ARTICLE 6
REALIZATION; DIP FINANCING

6.1 The Secured Parties agree that, in the event of any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the Property of any Debtor by reason of any liquidation, dissolution or other winding-up of such Debtor's business, or any sale, receivership, insolvency or bankruptcy proceedings, or assignment for the benefit of creditors, or any other Insolvency Proceeding, or any proceeding by or against any Debtor for any relief under any bankruptcy or insolvency law or laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extensions, then and in every such event, all proceeds or distributions of any kind or character, either in cash, securities or other property received in respect of the Collateral shall be received subject to the terms of this Agreement and any such payments or distributions received by any Secured Party upon or in respect of the debt or security of the other shall be received in trust for the other and shall be segregated and forthwith remitted to the other in the same form as so received in accordance with the relative priorities set out in Article 3 hereof. The parties hereto expressly acknowledge that this Agreement is a “subordination agreement” under Section 510(a) of the U.S. Bankruptcy Code or any similar provision of any other applicable law.

6.2 The Second Lien Representative, for itself and on behalf of the Note Holders, agrees that it and the Note Holders will not (a) raise any objection to, or support any objection to or otherwise contest, any lawful exercise by any First Lien Creditor of the right to credit bid the First Lien Obligations in any Insolvency Proceeding or at any sale in foreclosure, power of sale or other enforcement action or proceeding, including without limitation under Section 363(k) of the U.S. Bankruptcy Code or any similar provision of any other applicable bankruptcy or insolvency law, resulting in a sale of any First Lien Collateral or (b) seek consultation rights in connection with, and will raise no objection or oppose or contest (or join with or support any third party objecting, opposing or contesting), a motion to sell, liquidate or otherwise Dispose of Collateral in any Insolvency Proceeding if the Required First Lien Debtholders, have consented to such sale, liquidation or other Disposition. Each First Lien Representative, for itself and on behalf of the applicable First Lien Creditors, agrees that it and the applicable First Lien Creditors will not raise any objection to, or support any objection to or otherwise contest, any lawful exercise by any Second Lien Creditor of the right to credit bid the Second Lien Obligations in any Insolvency Proceeding or at any sale in foreclosure, power of sale or other enforcement action or proceeding, including without limitation under Section 363(k) of the U.S. Bankruptcy Code or any similar provision of any other applicable bankruptcy or insolvency law, resulting in a sale of any Second Lien Collateral so long as such credit bid contemplates and provides for the unconditional

Discharge of First Lien Obligations in cash prior to or concurrently with the closing of any such transaction.

6.3 In the event of an Insolvency Proceeding regarding any Debtor, whether voluntary or involuntary, neither the Second Lien Representative nor any Note Holder shall propose, agree to provide or support any debtor in possession financing or interim financing (including, without limitation, under Section 363 or Section 364 of the U.S. Bankruptcy Code or any similar provision of any other applicable bankruptcy or insolvency law) (a "**DIP Financing**") which is secured by a charge or other Lien that ranks in priority to or *pari passu* with the First Lien Security. If any Debtor obtains DIP Financing from any First Lien Creditor, then the Second Lien Representative agrees it will: (a) subordinate the Second Priority Liens to: (i) the Liens securing any DIP Financing that satisfies the conditions contained in paragraph (b) of this Section 6.3 and (ii) any administrative or other court-ordered charges (provided that the amounts secured by all such charges, when taken together with the aggregate principal amount of the DIP Financing and the pre-filing amount of First Lien Obligations (not rolled up or otherwise included or refinanced by such DIP Financing) will not exceed the amount of First Lien Obligations outstanding immediately prior to the commencement of such Insolvency Proceeding plus an amount equal to 15% of the aggregate principal amount of First Lien Obligations outstanding immediately prior to the commencement of such Insolvency Proceeding) and (b) not contest or raise any objection to the DIP Financing; provided that, in the case of this clause (b): (i) the maximum aggregate principal amount of the DIP Financing, when taken together with the aggregate principal amount of outstanding pre-filing First Lien Obligations (not rolled up or otherwise included or refinanced by such DIP Financing) and any administrative or other court-ordered charges that will not be repaid by such DIP Financing, does not exceed the amount of First Lien Obligations outstanding immediately prior to the commencement of such Insolvency Proceeding plus an amount equal to 15% of the aggregate principal amount of First Lien Obligations outstanding immediately prior to the commencement of such Insolvency Proceeding, (ii) the Second Lien Representative retains a Lien on the Second Lien Collateral (including proceeds thereof arising after the commencement of such Insolvency Proceeding) with the same priority as existed prior to the commencement of such Insolvency Proceeding, but subject to the Liens securing any DIP Financing and any administrative or other court-ordered charges, and (iii) such DIP Financing does not compel any Debtor to (x) seek confirmation of a specific plan of reorganization for which all or substantially all of the material terms are set forth in the documentation relating to such DIP Financing or (y) sell any portion of the Collateral.

6.4 No Secured Party shall at any time challenge, dispute or contest the validity or enforceability of the First Lien Debt Agreements or First Lien Security or the Second Lien Agreements or Second Lien Security nor the priorities applicable to the First Lien Security or the Second Lien Security as provided for herein, nor shall any of the First Lien Representatives or the Second Lien Representative take any action whereby the priorities hereby established may be defeated.

6.5 Neither any First Lien Representative nor the Second Lien Representative shall be prejudiced in its rights hereunder by any act or failure to act of any Debtor, or any noncompliance by any Debtor with any agreement or obligation, regardless of any knowledge thereof which either any First Lien Representative or the Second Lien Representative may have or with which either any First Lien Representative or the Second Lien Representative may be charged, and no action of any First Lien Representative or the Second Lien Representative permitted hereunder shall in any way affect or impair their rights and obligations hereunder.

6.6 Without in anyway derogating from the rights contained in the Permitted Additional First Lien Debt Intercreditor Arrangements in respect of the classification of claims, in any Insolvency Proceedings which require the classification of claims of creditors for voting purposes of any Plan or Proposal, the Secured Parties agree that the Debtors shall establish separate classes for claims of the First Lien Creditors and the Note Holders in recognition of their different interests. The Second Lien Representative, for itself and on behalf of each Note Holder, agrees that the grants of Liens on the Collateral pursuant to the First Lien Security and the Second Lien Security constitute separate and distinct grants of Liens, that the First Lien Creditors and the Note Holders do not share a "commonality of interest" with respect to their claims and that the Note Holders will

not object to any such classification. If it is held that the claims of the First Lien Creditors and the Note Holders in respect of the Collateral constitute one secured claim or class of creditors, then each Note Holder agrees that all distributions shall be made as if there were separate classes of senior and junior claims against the Debtors in respect of the Collateral including, to the extent the aggregate value of the Collateral is sufficient (excluding the Second Lien Obligations), the payment to the First Lien Creditors of post-filing interest in addition to the amounts distributed to the First Lien Creditors in respect of principal, pre-filing interest and other claims prior to distribution being made to any Note Holder and each Note Holder agrees to hold in trust and turn over to the First Lien Creditors, amounts otherwise received or receivable by it to the extent necessary to effectuate the intent of this Section, even if such turnover has the effect of reducing the claim or recovery of any Note Holder.

6.7 The First Lien Creditors may, subject to the terms of this Agreement and the Permitted Additional First Lien Debt Intercreditor Arrangements, enforce the various remedies available to them, take whatever Enforcement Action and realize upon the First Lien Security, guarantees and indemnities or any part thereof, held by them in such order as the First Lien Creditors deem appropriate, in their sole discretion.

6.8 Without derogating from any other provision hereof including, for certainty, Section 5.1, to the extent the Second Lien Creditors are entitled to enforce any Restricted Rights, the Second Lien Creditors may, subject to the terms of this Agreement, take any Enforcement Action and enforce such Restricted Rights in such order as the Second Lien Creditors deem appropriate, in their sole discretion. For certainty, the parties hereto acknowledge and confirm that, notwithstanding the foregoing, neither the Second Lien Representative, any Note Holder nor any other Second Lien Creditor shall take any Enforcement Action under the Second Lien Security or enforce any Restricted Rights during the Standstill Period or, after the expiration of the Standstill Period, if the First Lien Creditors or the Designated First Lien Representative on behalf of the First Lien Creditors (i) shall have commenced and be diligently pursuing the exercise of their rights or remedies with respect to all or substantially all of the Collateral or (ii) are stayed or otherwise precluded from pursuing such rights or remedies pursuant to applicable laws or Insolvency Proceedings (including pursuant to any order made in connection therewith).

6.9 No loss of or in respect of any of the First Lien Security or any failure by the First Lien Creditors to assert their rights or any other thing whatsoever, including without limitation the loss by operation of law of any right of the First Lien Creditors against any Debtor or the loss or destruction of any of the First Lien Security will in any way impair or release the subordination and other benefits provided by this Agreement.

6.10 No loss of or in respect of any of the Second Lien Security or any failure by the Second Lien Creditors to assert their rights or any other thing whatsoever, including without limitation the loss by operation of law of any right of the Second Lien Creditors against any Debtor or the loss or destruction of any of the Second Lien Security will in any way impair or release the subordination and other benefits provided by this Agreement.

6.11 Neither the Second Lien Representative nor any Note Holder shall oppose or seek to challenge any claim by any First Lien Representative or any other First Lien Creditor for allowance in any Insolvency Proceeding of First Lien Obligations consisting of claims for post-petition interest, fees, or expenses under Section 506(b) of the U.S. Bankruptcy Code or any similar provision of any other applicable law or otherwise.

6.12 Neither any First Lien Representative nor any other First Lien Creditor shall oppose or seek to challenge any claim by the Second Lien Representative or any Note Holder for allowance in any Insolvency Proceeding of Second Lien Obligations consisting of claims for post-petition interest, fees, or expenses under Section 506(b) of the U.S. Bankruptcy Code or any similar provision of any other applicable law or otherwise, to the extent of the value of the Lien of the Second Lien Representative on behalf of the Note Holder on the Collateral.

ARTICLE 7
SUBSIDIARIES

7.1 In the event any additional subsidiary of the Borrower is required to provide Security (as such term is defined in the First Lien Credit Agreement) in favor of the First Lien Credit Agreement Representative (or any other First Lien Representative) in order to maintain compliance with the terms of the First Lien Credit Agreement (or any Permitted Additional First Lien Debt Agreement), the Borrower shall cause such subsidiary to provide the First Lien Security to each such First Lien Representative and the Second Lien Security to the Second Lien Representative in accordance with the requirements of the First Lien Credit Agreement, any such Permitted Additional First Lien Debt Agreements and the Indenture, respectively. The terms of this Agreement shall apply *mutatis mutandis* to such security.

ARTICLE 8
OTHER AGREEMENTS; RESTRICTIONS ON AMENDMENTS

8.1 The First Lien Debt Agreements may be amended, restated, supplemented or otherwise modified in accordance with their terms, and Refinancing Indebtedness in respect of the First Lien Obligations may be incurred, in each case, without the consent of the Second Lien Representative or any Note Holder; *provided, however*, that (a) without the consent of the Second Lien Representative (at the direction of the Note Holders), no such amendment, restatement, supplement, modification or Refinancing (or successive amendments, restatements, supplements, modifications or Refinancings) shall (i) contravene any provision of this Agreement, (ii) increase the ability for the Debtors to incur secured indebtedness other than to the extent permitted under this Agreement and any First Lien Debt Agreements in effect as of the date of this Agreement, (b) nothing in this Section 8.1 shall constitute a waiver by the Second Lien Representative or the Note Holders of any default or event of default under the Second Lien Agreements resulting from such action and (c) any such amendment, restatement, supplementation or other modification of an Permitted Additional First Lien Debt Agreements is expressly subject to the Permitted Additional First Lien Debt Intercreditor Arrangements.

8.2 The Second Lien Agreements may be amended, restated, supplemented or otherwise modified in accordance with their terms, and Refinancing Indebtedness in respect of the Second Lien Obligations may be incurred, in each case, without the consent of any First Lien Representative or any First Lien Creditor; provided, however,(a) without the consent of the Designated First Lien Representative if and as provided for in the First Lien Credit Agreement or applicable Additional Permitted Debt Agreement, no such amendment, restatement, supplement, modification or Refinancing (or successive amendments, restatements, supplements, modifications or Refinancings) shall (i) contravene any provision of this Agreement or (ii) increase the ability for the Debtors to incur secured indebtedness other than to the extent permitted under this Agreement and any Second Lien Agreements in effect as of the date of this Agreement and (b) nothing in this Section 8.2 shall constitute a waiver by the First Lien Creditors of any default or event of default under the First Lien Debt Agreements resulting from such action, including, without limitation, the restriction on the establishment or incurrence of debt contained in such First Lien Debt Agreements. The parties hereto acknowledge that as of the date hereof the First Lien Credit Agreement contains restrictions on the Borrower's ability to amend, restate, supplement or otherwise modify the Second Lien Agreements or incur Refinancing Indebtedness in respect thereof.

8.3 Without prejudice to any rights of the First Lien Creditors under the applicable First Lien Debt Agreements (including any covenants therein that may restrict such Refinancings) and, subject to the limitations contained in the immediately preceding paragraph, the Second Lien Obligations may be Refinanced if such Refinancing Indebtedness constitutes Additional Permitted Debt (as defined in the First Lien Credit Agreement) and, if secured, the holders of such Refinancing Indebtedness (or a duly authorized agent on their behalf), execute and deliver an Intercreditor Agreement Joinder.

8.4 Each of the Debtors and the Second Lien Representative agrees that all Second Lien Security covering any Collateral shall contain such language as the Designated First Lien Representative

may reasonably request to reflect the subordination of such Second Lien Security to the First Lien Security covering such Collateral pursuant to this Agreement.

8.5 If (a) the Borrower Refinances any of the First Lien Obligations (including an increase thereof or any other change to the terms thereof to the extent permitted by Section 8.1 hereof), (b) such Refinancing (including any increase) is permitted hereby, under the First Lien Credit Agreement and under the Indenture and (c) the Borrower gives to the Second Lien Representative written notice (the "**First Lien Refinancing Notice**") electing the application of the provisions of this Section 8.5 to such Refinancing Indebtedness, then (i) the Discharge of First Lien Obligations shall automatically be deemed not to have occurred for all purposes of this Agreement, (ii) such Refinancing Indebtedness and all other obligations under the loan documents evidencing such indebtedness (the "**New First Lien Obligations**") shall automatically be treated as First Lien Obligations for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of Collateral set forth herein, (iii) the credit agreement and the other loan documents evidencing such Refinancing Indebtedness (the "**New First Lien Debt Agreements**") shall automatically be treated as the First Lien Debt Agreements and, in the case of New First Lien Debt Agreements that are security documents, as the First Lien Security for all purposes of this Agreement, (iv) the New First Lien Debt Agreements and the related First Lien Security shall be expressly subject to the Permitted Additional First Lien Debt Intercreditor Arrangements, (v) the administrative agent under any such the New First Lien Debt Agreements (the "**New First Lien Representative**") shall be deemed to be a First Lien Representative for all purposes of this Agreement and (vi) the lenders under the New First Lien Debt Agreements shall be deemed to be First Lien Creditors for all purposes of this Agreement. Upon receipt of a First Lien Refinancing Notice, which notice shall include the identity of the New First Lien Representative, the New First Lien Representative shall execute and deliver an Intercreditor Agreement Joinder or, if deemed required, shall promptly enter into such documents and agreements (including amendments or supplements to this Agreement) as the Borrower or such New First Lien Representative may reasonably request in order to provide to the New First Lien Representative the rights and powers contemplated hereby, in each case consistent with the terms of this Agreement. In furtherance of Section 3.3, if the New First Lien Obligations are secured by Property that does not constitute Second Lien Collateral, the Borrower shall promptly grant, or cause to be granted, a Second Priority Lien on such Property to secure the Second Lien Obligations.

8.6 If (a) Calfrac Holdings Refinances any of the Second Lien Obligations (including an increase thereof or any other change to the terms thereof to the extent permitted by Section 8.2 hereof), (b) such Refinancing (including such increase) is permitted hereby and under the First Lien Debt Agreements and (c) Calfrac Holdings gives to the First Lien Representative written notice (the "**Second Lien Refinancing Notice**") electing the application of the provisions of this Section 8.6 to such Refinancing Indebtedness, then (i) the Discharge of Second Lien Obligations shall automatically be deemed not to have occurred for all purposes of this Agreement, (ii) such Refinancing Indebtedness and all other obligations under the note documents evidencing such indebtedness (the "**New Second Lien Obligations**") shall automatically be treated as Second Lien Obligations for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of Collateral set forth herein, (iii) the indenture and the other note documents evidencing such Refinancing Indebtedness (the "**New Second Lien Debt Agreements**") shall automatically be treated as the Second Lien Agreements and, in the case of New Second Lien Debt Agreements that are security documents, as the Second Lien Security for all purposes of this Agreement, (iv) the trustee under any such the New Second Lien Debt Agreements (the "**New Second Lien Representative**") shall be deemed to be the Second Lien Representative for all purposes of this Agreement and (v) the note holders under the New Second Lien Debt Agreements shall be deemed to be the Note Holders for all purposes of this Agreement. Upon receipt of a Second Lien Refinancing Notice, which notice shall include the identity of the New Second Lien Representative, the Second Lien Representative shall execute and deliver an Intercreditor Agreement Joinder. In furtherance of Section 3.3, if the New Second Lien Obligations are secured by Property that does not constitute First Lien Collateral, the applicable Debtor shall promptly grant, or cause to be granted, a First Priority Lien on such Property to secure the First Lien Obligations.

ARTICLE 9
MISCELLANEOUS

9.1 Any notice required or permitted to be made under this Agreement may be served personally at or by facsimile mail or other electronic means to the applicable addresses stated below. Any notice given shall be deemed to have been received on actual receipt.

(a) If to the First Lien Credit Agreement Representative:

HSBC Bank Canada
407-8th Avenue SW
Calgary, Alberta T2P 1E5

Attention: Vice President
Fax: (403) 693-8561

(b) If to the Second Lien Representative:

Wilmington Trust, National Association
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402

Attention: Calfrac Holdings Notes Administrator
Fax No.: (612) 217-5651

(c) If to the Borrower:

Calfrac Well Services Ltd.
411-8th Avenue S.W.
Calgary, Alberta T2P 1E3

Attention: General Counsel
Facsimile: (403) 266-7381

(d) If to Calfrac Holdings:

Calfrac Holdings LP
411-8th Avenue S.W.
Calgary, Alberta T2P 1E3

Attention: General Counsel
Facsimile: (403) 266-7381

(e) If to a Permitted Additional First Lien Debt Representative, to the address set out in the applicable Intercreditor Agreement Joinder.

9.2 Each of the Secured Parties shall, at the expense of the Debtors execute such additional documents and instruments, in registrable form where required, and do such further acts or things as may be reasonably necessary to give full force and effect to the intent of this Agreement.

9.3 No Secured Party shall sell, transfer, pledge, assign or otherwise dispose of or encumber or subordinate to any person (collectively, as used herein, an "**assignee**") the Liens created under the First Lien Security or the Second Lien Security, as the case may be, without first causing the assignee thereof to execute a counterpart of this Agreement in favour of the other Secured Party and to which the other Secured Party shall have privity of contract whereby such assignee shall agree to be bound by the terms hereof to the same extent as if it had been an original party hereto.

9.4 This Agreement shall enure to the benefit of and be binding upon the Secured Parties and their respective successors and assigns.

9.5 This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and the parties hereto irrevocably attorn to the non-exclusive jurisdiction of the Province of Alberta.

9.6 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall be construed together as one agreement, and the execution and delivery of counterparts of this Agreement by facsimile or other electronic transmission (including PDF format) by any party shall be binding on all parties.

9.7 Nothing in this Agreement and no action taken by any First Lien Representative or the Second Lien Representative pursuant hereto is intended to constitute or shall be deemed to constitute any First Lien Representative and the Second Lien Representative as a partnership, joint venture, association or other similar type entity.

9.8 The Debtors each hereby acknowledge and agree that this Agreement shall not modify, relieve or release it from any of its Obligations. Additionally, the Debtors, each acknowledge and agree that:

(a) it authorizes each First Lien Representative and the Second Lien Representative to share with each other any information possessed by them relating to the First Lien Obligations, the Second Lien Obligations, the First Lien Security, the Second Lien Security, the First Lien Debt Agreements or the Second Lien Agreements;

(b) it consents to the terms of this Agreement and agrees to comply with, and to not act contrary to, the terms of this Agreement;

(c) it is party hereto solely for the purpose of providing the acknowledgements and agreements set forth herein and does not, and is not intended to, derive any benefits hereunder except in respect of the consents contained herein;

(d) this Agreement, other than this Section 9.8, may be amended by each First Lien Representative and the Second Lien Representative at any time without the concurrence of the Debtors provided, however, that the Designated First Lien Representative and the Second Lien Representative shall provide the Debtors with a copy of any such amendment within 10 Business Days of such amendment and no such amendment shall, unless each of the Debtors is a party thereto, impose any obligation on the Debtors over and above those obligations of the Debtors contained herein nor shall any such amendment relieve any First Lien Representative or the Second Lien Representative from providing any notice to the Debtors which is stipulated herein; and

(e) the failure of a Debtor to pay or perform any obligations or covenant owed to a Secured Party, whether caused by or resulting from the compliance by the Debtor with this Agreement, or otherwise, should nevertheless constitute a default under any applicable First Lien Debt Agreement or Second Lien Agreement to the extent it would otherwise constitute a default thereunder and subject to the terms thereunder.

9.9 This Agreement shall remain in effect so long as both the First Lien Obligations and the Second Lien Obligations are outstanding. For greater certainty, subject to Section 8.5 and 8.6, as and when either the First Lien Obligations or the Second Lien Obligations are terminated, all obligations of any First Lien Representative, the Second Lien Representative, the Debtors hereunder shall also terminate provided however that this Agreement, including the subordination provisions hereof, will be reinstated if at any time any payment or distribution in respect of any of the First Lien Obligations or Second Lien Obligations, as applicable, is rescinded or must otherwise be returned in an Insolvency Proceeding or otherwise by any of the applicable Secured

Parties or any representative of any such Secured Party (whether by demand, settlement, litigation or otherwise).

9.10 The provisions of this Agreement shall govern notwithstanding the terms of the First Lien Credit Agreement, the Indenture, the other First Lien Debt Agreements, the Second Lien Agreements, the First Lien Security and the Second Lien Security and whether or not any bankruptcy, receivership or any other insolvency proceedings shall have commenced against any of the Debtors.

9.11 The Debtors shall pay all reasonable out of pocket and documented legal fees and disbursements incurred by each First Lien Representative and the Second Lien Representative in connection with this Agreement and the matters dealt with herein.

9.12 Each First Lien Representative is executing and delivering this Agreement solely in its capacity as such and pursuant to authority set forth in the First Lien Debt Agreements; and in so doing, the First Lien Representative shall not be responsible for the terms or sufficiency of this Agreement for any purpose. The First Lien Representative shall have no duties or obligations under or pursuant to this Agreement other than such duties and obligations as may be expressly set forth in this Agreement as duties and obligations on its part to be performed or observed. In entering into this Agreement, or in taking (or forbearing from) any action under or pursuant to this Agreement, each First Lien Representative shall have and be protected by all of the rights, immunities, indemnities and other protections granted to it under the First Lien Debt Agreements. The Second Lien Representative is executing and delivering this Agreement solely in its capacity as such and pursuant to direction set forth in the Indenture; and in so doing, the Second Lien Representative shall not be responsible for the terms or sufficiency of this Agreement for any purpose. The Second Lien Representative shall have no duties or obligations under or pursuant to this Agreement other than such duties and obligations as may be expressly set forth in this Agreement as duties and obligations on its part to be performed or observed. In entering into this Agreement, or in taking (or forbearing from) any action under or pursuant to this Agreement, the Second Lien Representative shall have and be protected by all of the rights, immunities, indemnities and other protections granted to it under the Indenture and the other Second Lien Agreements.

9.13 Neither any First Lien Representative nor the Second Lien Representative shall have any liability or responsibility for the actions or omissions of any other Secured Party, or for any other Secured Party's compliance with (or failure to comply with) the terms of this Agreement. Neither any First Lien Representative nor the Second Lien Representative shall have any individual liability to any Person if it shall mistakenly pay over or distribute to any Secured Party (or Debtor) any amounts in violation of the terms of this Agreement, so long as such First Lien Representative or the Second Lien Representative, as the case may be, is acting in good faith and in the absence of fraud or gross negligence. Each party hereto hereby acknowledges and agrees that each First Lien Representative and the Second Lien Representative is entering into this Agreement solely in its capacity under the First Lien Credit Agreements and the Second Lien Agreements, respectively, and not in its individual capacity. The First Lien Representatives shall not be deemed to owe any fiduciary duty to the Second Lien Representative or any other Second Lien Creditor and the Second Lien Representative shall not be deemed to owe any fiduciary duty to any First Lien Representative or any other First Lien Creditor.

ARTICLE 10
PERMITTED ADDITIONAL FIRST LIEN DEBT

10.1 Notwithstanding any other provision hereof, nothing contained in this Agreement shall constitute consent of the First Lien Credit Agreement Representative, any First Lien Credit Agreement Lender or any other First Lien Credit Agreement Creditor, to the establishment of any Permitted Additional First Lien Debt Obligations (or the incurrence of any Additional First Lien Debt Obligations by any Debtor) such consent shall only be provided in accordance with and pursuant to the terms of the First Lien Credit Agreement and upon execution and delivery of the Permitted Additional First Lien Debt Intercreditor Arrangements.

10.2 Notwithstanding any other provision hereof, nothing contained in this Agreement shall subordinate or postpone any First Lien Security securing the First Lien Credit Agreement Obligations to any First Lien Security securing any Permitted Additional First Lien Debt Obligations and all arrangements and priority matters relating to the First Lien Security as between the First Lien Credit Agreement Obligations and the Permitted Additional First Lien Debt Obligations will be set out and provided for in the Permitted Additional First Lien Debt Intercreditor Arrangements which shall be paramount to this Agreement and govern and prevail in all respects with respect to all matters set out therein including, without limitation, the priority of the First Lien Security as between the First Lien Credit Agreement Obligations and the Permitted Additional First Lien Debt Obligations and all matters related thereto.

10.3 Notwithstanding any other provision hereof, the rights and ability of the Permitted Additional First Lien Debt Representative and the Permitted Additional First Lien Debt Creditors to enforce any right or remedy under any Permitted Additional First Lien Debt Agreement including, for certainty, the taking of any Enforcement Action and the distribution of any Collateral or the proceeds thereof and application thereof among the First Lien Creditors shall be expressly subject to the Permitted Additional First Lien Debt Intercreditor Arrangements.

[Signature page follows]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

HSBC BANK CANADA, as First Lien Credit Agreement Representative

Per: _____
Name: Christine Stockman
Title: Authorized Signatory

Per: _____
Name:
Title: Alyssa Senwasane
Authorized Signatory

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Second Lien Representative

Per: 

Name: Sarah Villhauer

Title: Banking Officer

CALFRAC WELL SERVICES CORP.

Per: 

Name: Michael D. Olinek
Title: Chief Financial Officer

CALFRAC WELL SERVICES LTD.

Per: _____

Name: Michael D. Olinek
Title: Chief Financial Officer

CALFRAC HOLDINGS LP, by its general partner, CALFRAC (CANADA) INC.

Name: Michael D. Olinek
Title: Chief Financial Officer

EXHIBIT A-I

FORM OF INTERCREDITOR AGREEMENT JOINDER

[PERMITTED ADDITIONAL FIRST LIEN DEBT OBLIGATIONS]

INTERCREDITOR AGREEMENT JOINDER NO. [__], dated as of [_____], 20[__], to the INTERCREDITOR AND PRIORITY AGREEMENT, dated as of February 14, 2020 (as the same may be amended, restated, amended and restated, extended, supplemented or otherwise modified from time to time, the "**Intercreditor Agreement**"), among HSBC Bank Canada, as First Lien Credit Agreement Representative, Wilmington Trust, National Association, as Second Lien Representative, Calfrac Well Services Ltd., Calfrac Well Services Corp., Calfrac Holdings LP and the other First Lien Representatives from time to time part thereto.

A. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Intercreditor Agreement.

B. As a condition precedent to the ability of the Debtors to incur Permitted Additional First Lien Debt Obligations after the date of the Intercreditor Agreement and to secure such Permitted Additional First Lien Debt Obligations with a First Priority Lien and to have such Permitted Additional First Lien Debt Obligations guaranteed by the Debtors on a first lien basis, in each case under and pursuant to the Permitted Additional First Lien Debt Agreements but expressly subject to the Permitted Additional First Lien Debt Intercreditor Arrangements, any holder (or an authorized agent on their behalf) in respect of such Permitted Additional First Lien Debt Obligations is required to become a Permitted Additional First Lien Debt Representative under, and such Permitted Additional First Lien Debt Obligations and the Permitted Additional First Lien Debt Lenders in respect thereof are required to become subject to and bound by, the Intercreditor Agreement. The undersigned Permitted Additional First Lien Debt Representative (the "**New Representative**") is executing this Joinder in accordance with the requirements of the Intercreditor Agreement.

Accordingly, the Designated First Lien Representative and the New Representative agree as follows:

SECTION 1. In accordance with the Intercreditor Agreement, the New Representative by its signature below becomes a Permitted Additional First Lien Debt Representative under, and the related Permitted Additional First Lien Debt Obligations and Permitted Additional First Lien Debt Lenders become subject to and bound by, the Intercreditor Agreement with the same force and effect as if the New Representative had originally been named therein as a Permitted Additional First Lien Debt Representative, and the New Representative, on behalf of itself and such Permitted Additional First Lien Debt Lenders, hereby agrees to all the terms and provisions of the Intercreditor Agreement applicable to it as a Permitted Additional First Lien Debt Representative and to the Permitted Additional First Lien Debt Lenders that it represents as Permitted Additional First Lien Debt Lenders. Each reference to a "Permitted Additional First Lien Debt Representative" or "First Lien Representative" in the Intercreditor Agreement shall be deemed to include the New Representative. The Intercreditor Agreement is hereby incorporated herein by reference.

SECTION 2. The New Representative represents and warrants to the Designated First Lien Representative and the other Secured Parties that (i) it has full power and authority to enter into this Intercreditor Agreement Joinder, in its capacity as [agent] [trustee under [describe new facility]], (ii) this Intercreditor Agreement Joinder has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with the terms of such Agreement and (iii) the Permitted Additional First Lien Debt Agreements relating to such Permitted Additional First Lien Debt Obligations provide that, upon the New Representative's entry into this Agreement, the Permitted Additional First Lien Debt Lenders in respect of such Permitted Additional First Lien Debt Obligations will be subject to and bound by the provisions of the Intercreditor Agreement as Secured Parties.

SECTION 3. This Intercreditor Agreement Joinder may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Intercreditor Agreement Joinder shall become effective when the parties hereto shall have received a counterpart of this Intercreditor Agreement Joinder that bears the signature of the New Representative. Delivery of an executed signature page to this Intercreditor Agreement Joinder by facsimile transmission or other electronic method shall be effective as delivery of a manually signed counterpart of this Intercreditor Agreement Joinder.

SECTION 4. Except as expressly supplemented hereby, the Intercreditor Agreement shall remain in full force and effect.

SECTION 5. THIS INTERCREDITOR AGREEMENT JOINDER AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE PROVINCE OF ALBERTA AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN AND THE PARTIES HERETO IRREVOCABLY ATTORN TO THE NON-EXCLUSIVE JURISDICTION OF THE PROVINCE OF ALBERTA.

SECTION 6. In case any one or more of the provisions contained in this Intercreditor Agreement Joinder should be held invalid, illegal or unenforceable in any respect, no party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein and in the Intercreditor Agreement shall not in any way be affected or impaired.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 9.1 of the Intercreditor Agreement. All communications and notices hereunder to the New Representative shall be given to it at the address set forth below its signature hereto.

IN WITNESS WHEREOF, the New Representative and the Designated First Lien Representative have duly executed this Intercreditor Agreement Joinder to the Intercreditor Agreement as of the day and year first above written.

[NAME OF NEW REPRESENTATIVE],
as [ ] for the holders of [ ]

By: _____
Name:
Title:

Address for notices:

_____
_____
_____
_____
_____
_____
Attention of: _____
_____
Telecopy: _____
_____

HSBC BANK CANADA,
as Designated First Lien Representative

By: _____
Name:
Title:

Acknowledged by:

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Second Lien Representative

By:

_____
Name:
Title:

Acknowledged by:

CALFRAC WELL SERVICES LTD.

By: _____

Name:
Title:

CALFRAC WELL SERVICES CORP.

By: _____

Name:
Title:

CALFRAC HOLDING LP, by its general partner, CALFRAC (CANADA) INC.

By: _____

Name:
Title:

EXHIBIT A-II

FORM OF INTERCREDITOR AGREEMENT JOINDER

[FIRST LIEN REFINANCING OBLIGATIONS]

INTERCREDITOR AGREEMENT JOINDER NO. [__], dated as of [_____], 20[__], to the INTERCREDITOR AND PRIORITY AGREEMENT, dated as of February 14, 2020 (as the same may be amended, restated, amended and restated, extended, supplemented or otherwise modified from time to time, the "**Intercreditor Agreement**"), among HSBC Bank Canada, as First Lien Credit Agreement Representative, Wilmington Trust, National Association, as Second Lien Representative, Calfrac Well Services Ltd., Calfrac Well Services Corp., Calfrac Holdings LP and the other First Lien Representatives from time to time part thereto.

A. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Intercreditor Agreement.

B. As a condition precedent to the ability of the Debtors to incur New First Lien Obligations after the date of the Intercreditor Agreement and to secure such New First Lien Obligations with the First Priority Lien and to have such New First Lien Obligations guaranteed by the Debtors on a first lien basis, in each case under and pursuant to the New First Lien Debt Agreements, any holder (or an authorized agent on their behalf) in respect of such New First Lien Obligations is required to become a First Lien Representative under, and such New First Lien Obligations and the First Lien Creditors in respect thereof are required to become subject to and bound by, the Intercreditor Agreement. The undersigned First Lien Representative (the "**New Representative**") is executing this Joinder in accordance with the requirements of the Intercreditor Agreement.

Accordingly, the Designated First Lien Representative and the New Representative agree as follows:

SECTION 1. In accordance with the Intercreditor Agreement, the New Representative by its signature below becomes a [First Lien Credit Agreement][Permitted Additional First Lien Debt] Representative under, and the related New First Lien Obligations and First Lien Creditors become subject to and bound by, the Intercreditor Agreement with the same force and effect as if the New Representative had originally been named therein as a First Lien Representative, and the New Representative, on behalf of itself and such First Lien Creditors, hereby agrees to all the terms and provisions of the Intercreditor Agreement applicable to it as a [First Lien Credit Agreement][Permitted Additional First Lien Debt]]Representative and to the First Lien Creditors that it represents as First Lien Creditors. Each reference to a "[First Lien Credit Agreement][Permitted Additional First Lien Debt] Representative" or "First Lien Representative" in the Intercreditor Agreement shall be deemed to include the New Representative. The Intercreditor Agreement is hereby incorporated herein by reference.

SECTION 2. The New Representative represents and warrants to the Designated First Lien Representative and the other Secured Parties that (i) it has full power and authority to enter into this Intercreditor Agreement Joinder, in its capacity as [agent] [trustee under [describe new facility]], (ii) this Intercreditor Agreement Joinder has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with the terms of such Agreement and (iii) the New First Lien Debt Agreements relating to such New First Lien Obligations provide that, upon the New Representative's entry into this Agreement, the First Lien Creditors in respect of such New First Lien Obligations will be subject to and bound by the provisions of the Intercreditor Agreement as Secured Parties.

SECTION 3. This Intercreditor Agreement Joinder may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Intercreditor Agreement Joinder shall become effective when the parties hereto shall have received a counterpart of this Intercreditor Agreement Joinder that bears the signature of the New Representative.

Delivery of an executed signature page to this Intercreditor Agreement Joinder by facsimile transmission or other electronic method shall be effective as delivery of a manually signed counterpart of this Intercreditor Agreement Joinder.

SECTION 4. Except as expressly supplemented hereby, the Intercreditor Agreement shall remain in full force and effect.

SECTION 5. THIS INTERCREDITOR AGREEMENT JOINDER AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE PROVINCE OF ALBERTA AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN AND THE PARTIES HERETO IRREVOCABLY ATTORN TO THE NON-EXCLUSIVE JURISDICTION OF THE PROVINCE OF ALBERTA.

SECTION 6. In case any one or more of the provisions contained in this Intercreditor Agreement Joinder should be held invalid, illegal or unenforceable in any respect, no party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein and in the Intercreditor Agreement shall not in any way be affected or impaired.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 9.1 of the Intercreditor Agreement. All communications and notices hereunder to the New Representative shall be given to it at the address set forth below its signature hereto.

IN WITNESS WHEREOF, the New Representative and the Designated First Lien Representative have duly executed this Intercreditor Agreement Joinder to the Intercreditor Agreement as of the day and year first above written.

[NAME OF NEW REPRESENTATIVE],
as [ ] for the holders of [ ]

By: _____
Name:
Title:

Address for notices:

_____
_____
_____
_____
_____
_____
Attention of: _____
_____
Telecopy: _____
_____

HSBC BANK CANADA,
as Designated First Lien Representative

By: _____
Name:
Title:

Acknowledged by:

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Second Lien Representative

By:

_____
Name:
Title:

Acknowledged by:

CALFRAC WELL SERVICES LTD.

By: _____

Name:
Title:

CALFRAC WELL SERVICES CORP.

By: _____

Name:
Title:

CALFRAC HOLDING LP, by its general partner, CALFRAC (CANADA) INC.

By: _____

Name:
Title:

EXHIBIT A-III

FORM OF INTERCREDITOR AGREEMENT JOINDER

[SECOND LIEN REFINANCING OBLIGATIONS]

INTERCREDITOR AGREEMENT JOINDER NO. [__], dated as of [_____], 20[__], to the INTERCREDITOR AND PRIORITY AGREEMENT, dated as of February 14 , 2020 (as the same may be amended, restated, amended and restated, extended, supplemented or otherwise modified from time to time, the "**Intercreditor Agreement**"), among HSBC Bank Canada, as First Lien Credit Agreement Representative, Wilmington Trust, National Association, as Second Lien Representative, Calfrac Well Services Ltd., Calfrac Well Services Corp., Calfrac Holdings LP and the other First Lien Representatives from time to time part thereto.

A. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Intercreditor Agreement.

B. As a condition precedent to the ability of the Debtors to incur New Second Lien Obligations after the date of the Intercreditor Agreement and to secure such New Second Lien Obligations with the Second Priority Lien and to have such New Second Lien Obligations guaranteed by the Debtors on a second lien basis, in each case under and pursuant to the New Second Lien Debt Agreements, any holder (or an authorized agent on their behalf) in respect of such New Second Lien Obligations is required to become a Second Lien Representative under, and such New Second Lien Obligations and the Second Lien Creditors in respect thereof are required to become subject to and bound by, the Intercreditor Agreement. The undersigned Second Lien Representative (the "**New Representative**") is executing this Joinder in accordance with the requirements of the Intercreditor Agreement.

Accordingly, the Designated First Lien Representative and the New Representative agree as follows:

SECTION 1. In accordance with the Intercreditor Agreement, the New Representative by its signature below becomes a Second Lien Representative under, and the related New Second Lien Obligations and Second Lien Creditors become subject to and bound by, the Intercreditor Agreement with the same force and effect as if the New Representative had originally been named therein as a Second Lien Representative, and the New Representative, on behalf of itself and such Second Lien Creditors, hereby agrees to all the terms and provisions of the Intercreditor Agreement applicable to it as a Second Lien Representative and to the Second Lien Creditors that it represents as Second Lien Creditors. Each reference to a "Second Lien Representative" in the Intercreditor Agreement shall be deemed to include the New Representative. The Intercreditor Agreement is hereby incorporated herein by reference.

SECTION 2. The New Representative represents and warrants to the Designated First Lien Representative and the other Secured Parties that (i) it has full power and authority to enter into this Intercreditor Agreement Joinder, in its capacity as [agent] [trustee under [describe new facility]], (ii) this Intercreditor Agreement Joinder has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with the terms of such Agreement and (iii) the New Second Lien Debt Agreements relating to such New Second Lien Obligations provide that, upon the New Representative's entry into this Agreement, the Second Lien Creditors in respect of such New Second Lien Obligations will be subject to and bound by the provisions of the Intercreditor Agreement as Secured Parties.

SECTION 3. This Intercreditor Agreement Joinder may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Intercreditor Agreement Joinder shall become effective when the parties hereto shall have received a counterpart of this Intercreditor Agreement Joinder that bears the signature of the New Representative.

Delivery of an executed signature page to this Intercreditor Agreement Joinder by facsimile transmission or other electronic method shall be effective as delivery of a manually signed counterpart of this Intercreditor Agreement Joinder.

SECTION 4. Except as expressly supplemented hereby, the Intercreditor Agreement shall remain in full force and effect.

SECTION 5. THIS INTERCREDITOR AGREEMENT JOINDER AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE PROVINCE OF ALBERTA AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN AND THE PARTIES HERETO IRREVOCABLY ATTORN TO THE NON-EXCLUSIVE JURISDICTION OF THE PROVINCE OF ALBERTA.

SECTION 6. In case any one or more of the provisions contained in this Intercreditor Agreement Joinder should be held invalid, illegal or unenforceable in any respect, no party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein and in the Intercreditor Agreement shall not in any way be affected or impaired.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 9.1 of the Intercreditor Agreement. All communications and notices hereunder to the New Representative shall be given to it at the address set forth below its signature hereto.

IN WITNESS WHEREOF, the New Representative and the Designated First Lien Representative have duly executed this Intercreditor Agreement Joinder to the Intercreditor Agreement as of the day and year first above written.

[NAME OF NEW REPRESENTATIVE],
as [ ] for the holders of [ ]

By: _____
Name:
Title:
Address for notices:
_____
_____
_____
_____
_____
_____
Attention of: _____
_____
Telecopy: _____
_____

HSBC BANK CANADA,
as Designated First Lien Representative

By: _____
Name:
Title:

Acknowledged by:

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Second Lien Representative

By:

_____
Name:
Title:

Acknowledged by:

CALFRAC WELL SERVICES LTD.

By: _____

Name:
Title:

CALFRAC WELL SERVICES CORP.

By: _____

Name:
Title:

CALFRAC HOLDING LP, by its general partner, CALFRAC (CANADA) INC.

By: _____

Name:
Title:

Exhibit "10"

THIS IS EXHIBIT " 10 " REFERRED TO IN
THE AFFIDAVIT OF RONALD P. MATHISON
AFFIRMED BEFORE ME THIS 13th DAY OF
JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Simard

Execution Version

CALFRAC HOLDINGS LP
as the Issuer

8.50% SENIOR NOTES DUE 2026

INDENTURE

Dated as of May 30, 2018

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Trustee

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

EXHIBITS

INDENTURE dated as of May 30, 2018 among CALFRAC HOLDINGS LP, a Delaware limited partnership ("*Calfrac Holdings*" or the "*Issuer*"), as the issuer of the Notes (as herein defined), CALFRAC WELL SERVICES LTD., an Alberta corporation ("*Calfrac*"), as a party to this Indenture and as an Initial Guarantor (as herein defined), and CALFRAC WELL SERVICES CORP., a Colorado corporation ("*Calfrac Corp*."), as a party to this Indenture and as an Initial Guarantor, the other Subsidiary Guarantors (as herein defined) from time to time party hereto, and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as trustee (the "*Trustee*").

W I T N E S S E T H

WHEREAS, Calfrac Holdings has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its 8.50% Senior Notes due 2026 to be issued in one or more series as provided in this Indenture;

WHEREAS, the Initial Guarantors have duly authorized the execution and delivery of this Indenture to provide for a guarantee of the Notes and of certain of Calfrac Holdings' payment obligations hereunder;

WHEREAS, all things necessary (i) to make the Notes, when executed and duly issued by Calfrac Holdings and authenticated and delivered hereunder, the valid obligations of Calfrac Holdings and (ii) to make this Indenture a valid agreement of Calfrac Holdings and the Initial Guarantors, in accordance with their terms, have been done.

NOW, THEREFORE, Calfrac Holdings, the Guarantors and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders (as defined below) of Calfrac Holdings' 8.50% Senior Notes due 2026.

Article I

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 *Definitions.*

"*144A Global Note*" means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that shall be issued in a denomination equal to the outstanding principal amount at maturity of the Notes sold in reliance on Rule 144A.

"*Acquired Debt*" means, with respect to any specified Person, Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, regardless of whether such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person.

"*Additional Notes*" means an unlimited maximum aggregate principal amount of Notes (other than the Notes issued on the date hereof) issued under this Indenture in accordance with Sections 2.02 and 4.09.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control", as used with respect to any Person, will mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" will have correlative meanings.

"*Agent*" means any Registrar, Custodian or Paying Agent.

"*Applicable Procedures*" means, with respect to any Global Note, the rules, policies and procedures of the Depositary, Euroclear and Clearstream that apply to such matter.

"*Asset Sale*" means:

(1) the sale, conveyance or other disposition of any assets, other than a transaction governed by Section 4.13 or Section 5.01, or both, as the case may be; and

(2) the issuance of Equity Interests by any of Calfrac's Restricted Subsidiaries or the sale, transfer or other conveyance by Calfrac or any Restricted Subsidiary thereof of Equity Interests in any of its Subsidiaries (other than directors' qualifying shares and shares issued, transferred or conveyed to foreign nationals to the extent required by applicable law).

Notwithstanding the preceding, the following items will be deemed not to be Asset Sales:

(1) any single transaction or series of related transactions that involves assets or other Equity Interests having a Fair Market Value of less than US$5,000,000;

(2) any issuance or transfer of assets or Equity Interests between or among Calfrac, Calfrac Holdings and its Restricted Subsidiaries;

(3) the sale, lease, rental or licensing of products, services, vehicles, equipment, inventory, accounts receivable or other assets in the ordinary course of business;

(4) the sale or other disposition of cash or Cash Equivalents;

(5) dispositions (including without limitation surrenders and waivers) of accounts receivable or other contract rights in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings;

(6) any Restricted Payment that is permitted by Section 4.07 or any Permitted Investment;

(7) the trade or exchange by Calfrac or any Restricted Subsidiary thereof of any asset for any other asset or assets that is used or useable in a Permitted Business, including any cash or Cash Equivalents necessary in order to achieve an exchange of equivalent value; *provided*, *however*, that the Fair Market Value of the asset or assets received by Calfrac or any Restricted Subsidiary in such trade or exchange (including any such cash or Cash Equivalents) is at least equal to the Fair Market Value (as determined in good faith by the Board of Directors or an executive officer of Calfrac or such Subsidiary with responsibility for such transaction, which determination shall be conclusive evidence of compliance with this provision) of the asset or assets disposed of by Calfrac or any Restricted Subsidiary pursuant to such trade or exchange;

(8) any sale, lease, conveyance or other disposition of any asset or any sale or issuance of Equity Interests, in each case made pursuant to a Permitted Joint Venture Investment;

(9) the sale or other disposition of any assets or Equity Interests of North Aegean Petroleum Company E.P.E. and Sea of Thrace Petroleum E.P.E.; *provided* that, at the time of any such sale, each of North Aegean Petroleum Company E.P.E. and Sea of Thrace Petroleum E.P.E. is an Unrestricted Subsidiary;

(10) any sale or disposition of any property or equipment that has become damaged, worn out or obsolete or pursuant to a program for the maintenance or upgrading of such property or equipment;

(11) the creation of a Lien not prohibited by this Indenture and any disposition of assets resulting from the enforcement or foreclosure of any such Lien;

(12) the disposition of assets that, in the good faith judgment of Calfrac, are no longer used or useful in the business of such entity;

(13) a Restricted Payment or Permitted Investment that is otherwise permitted by this Indenture;

(14) leases or subleases in the ordinary course of business to third persons otherwise in accordance with the provisions of this Indenture;

(15) an issuance of Capital Stock by a Restricted Subsidiary to Calfrac or to a wholly owned Restricted Subsidiary;

(16) the issuance by a Restricted Subsidiary of Preferred Stock or Disqualified Stock that is permitted by Section 4.09;

(17) a surrender or waiver of contract rights or a settlement, release or surrender of contract, tort or other claims in the ordinary course of business;

(18) foreclosure on assets or property;

(19) any sale or other disposition of Capital Stock in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(20) sales, transfers and other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding arrangements and the transfer of assets as part of the consideration for Investment in a joint venture so long as the Fair Market Value of such assets is counted against the amount of Investments permitted under Section 4.07;

(21) sales or dispositions in connection with Permitted Liens; and

(22) any sale, transfer or other disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than Calfrac Holdings) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition.

For purposes of this definition, any series of related transactions that, if effected as a single transaction, would constitute an Asset Sale, shall be deemed to be a single Asset Sale effected when the last such transaction which is a part thereof is effected.

"*Bankruptcy Law*" means (i) Title 11 of the United States Code or any similar federal or state law for the relief of debtors and (ii) the *Bankruptcy and Insolvency Act* (Canada) and the *Companies' Creditors Arrangement Act* (Canada), or any similar federal or provincial law for the relief of debtors, as the case may be.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition (other than any right conditioned upon the occurrence of events or circumstances outside such "person's" control). The terms "Beneficially Owns," "Beneficially Owned" and "Beneficially Owning" will have a corresponding meaning.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation or a duly authorized committee thereof;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership; and

(3) with respect to any other Person, the board, committee or governing body of such Person serving a similar function.

"*Board Resolution*" means a resolution certified by the Secretary or an Assistant Secretary of Calfrac to have been duly adopted by the Board of Directors of Calfrac and to be in full force and effect on the date of such certification.

"*Business Day*" means any day other than a Legal Holiday.

"*Calculation Date*" has the meaning set forth below in the definition of Fixed Charge Coverage Ratio.

"*Calfrac*" means the Person named as the "Calfrac" in the introductory paragraph of this Indenture until a successor Person shall have replaced it pursuant to the applicable provisions of this Indenture, and thereafter, the term "Calfrac" shall mean such successor Person and each successive successor Person.

"*Calfrac Corp.*" means the Person named as the "Calfrac Corp." in the introductory paragraph of this Indenture until a successor Person shall have replaced it pursuant to the applicable provisions of this Indenture, and thereafter, the term "Calfrac Corp." shall mean such successor Person and each successive successor Person.

"*Calfrac Holdings*" means the Person named as "Calfrac Holdings" in the introductory paragraph of this Indenture until a successor Person shall have replaced it pursuant to the applicable provisions of this Indenture, and thereafter, the term "Calfrac Holdings" shall mean such successor Person and each successive successor Person.

"*Canadian Dollar Equivalent*" means, with respect to any monetary amount in a currency other than the Canadian dollar, at or as of any time for the determination thereof, the amount of Canadian dollars obtained by converting such foreign currency involved in such computation into Canadian dollars at the spot rate for the purchase of Canadian dollars with the applicable foreign currency as quoted by Reuters (or, if Reuters ceases to provide such spot quotations, by any other reputable service as is providing such spot quotations, as reasonably selected by Calfrac) at approximately 11:00 a.m. (New York City time) on the date not more than two Business Days prior to such determination.

"*Canadian/U.S. Restricted Subsidiaries*" means each Restricted Subsidiary that is organized, formed or existing under the laws of either (a) Canada or any province or territory thereof or (b) the United States or any state thereof, or the District of Columbia.

"*Capital Lease Obligation*" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with IFRS as in effect on the Issue Date, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock or shares;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, regardless of whether such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means:

(1) United States or Canadian dollars or, in an amount up to the amount necessary or appropriate to fund local operating expenses, other currencies;

(2) securities issued or directly and fully guaranteed or insured by the government of the United States or Canada or any agency or instrumentality thereof (*provided* that the full faith and credit of the United States or Canada, as the case may be, is pledged in support of such securities), maturing, unless such securities are deposited to defease any Indebtedness, not more than one year from the date of acquisition;

(3) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any commercial bank organized under the laws of the United States, Canada or any other country that is a member of the Organization for Economic Cooperation and Development, in each case, having capital and surplus in excess of US$500,000,000 and a rating at the time of acquisition thereof of P-1 or better from Moody's or A-1 or better from Standard & Poor's, or, with respect to a commercial bank organized under the laws of Canada, the equivalent thereof by DBRS Limited;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having one of the two highest ratings obtainable from either (i) Moody's, (ii) Standard & Poor's or (iii) Fitch, or, if applicable, the equivalent thereof by DBRS Limited, and in each case maturing within one year after the date of acquisition;

(6) securities issued and fully guaranteed by any state, commonwealth or territory of the United States of America, any province or territory of Canada, or by any political subdivision or taxing authority thereof, rated at least "A" by (i) Moody's, (ii) Standard & Poor's or (iii) Fitch, or, with respect to any province or territory of Canada, the equivalent thereof by DBRS Limited, and in each case having maturities of not more than one year from the date of acquisition; and

(7) money market funds, of which at least a majority of the assets constitute Cash Equivalents of the kinds described in clauses (1) through (6) of this definition.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Calfrac and its Restricted Subsidiaries, taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than a Permitted Holder;

(2) the adoption of a plan relating to the liquidation or dissolution of Calfrac;

(3) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) other than a Permitted Holder becomes the Beneficial Owner, directly or indirectly, of more than 50% of the voting power of the Voting Stock of Calfrac; or

(4) Calfrac amalgamates, consolidates with, or merges with or into, any Person, or any Person amalgamates, consolidates with, or merges with or into Calfrac, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of Calfrac, as the case may be, or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where (A) the Voting Stock of Calfrac, as the case may be, outstanding immediately prior to such transaction is converted into or exchanged for Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of such Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and (B) immediately after such transaction, no "person" or "group" (as such terms are used in Sections l3(d) and 14(d) of the Exchange Act) other than a Permitted Holder becomes,

directly or indirectly, the Beneficial Owner of more than 50% of the voting power of the Voting Stock of the surviving or transferee Person.

"*Clearstream*" means Clearstream Banking S.A. and any successor thereto.

"*Consolidated Cash Flow*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period *plus*:

(1) an amount equal to any net loss realized by such Person or any of its Restricted Subsidiaries in connection with an Asset Sale, to the extent such losses were deducted in computing such Consolidated Net Income; *plus*

(2) all extraordinary, unusual or non-recurring items of loss or expense to the extent deducted in computing such Consolidated Net Income; *plus*

(3) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*

(4) Consolidated Fixed Charges of such Person and its Restricted Subsidiaries for such period, to the extent that any such Consolidated Fixed Charges were deducted in computing such Consolidated Net Income; *plus*

(5) depreciation, depletion, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, depletion, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; *plus*

(6) severance costs, restructuring costs, asset impairment charges and acquisition transition services costs, provided that in each case such costs or charges were deducted in calculating Consolidated Net Income for such period; *plus*

(7) all expenses related to restricted stock and redeemable stock interests granted to officers, directors and employees, to the extent such expenses were deducted in computing such Consolidated Net Income; *minus*

(8) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business;

in each case, on a consolidated basis and determined in accordance with IFRS.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, the Consolidated Fixed Charges of and the depreciation, depletion and amortization and other non-cash expenses of, a Restricted Subsidiary of Calfrac will be added to Consolidated Net Income to compute Consolidated Cash Flow of Calfrac (A) in the same proportion that the Net Income of such Restricted Subsidiary was added to compute such Consolidated Net Income of Calfrac and (B) only to the extent that a corresponding amount would be permitted at the date of determination to be dividended or distributed, directly or indirectly, to Calfrac by such Restricted Subsidiary without prior governmental approval (that has not been obtained), and without direct or indirect restriction pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Subsidiary or its stockholders.

"*Consolidated Fixed Charge Coverage Ratio*" means, with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Consolidated Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries Incurs, repays, repurchases or redeems any Indebtedness (other than the incurrence or repayment of revolving credit borrowings, except to the extent that a repayment is accompanied by a permanent reduction in revolving credit commitments) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Consolidated Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Consolidated Fixed Charge Coverage Ratio will be calculated giving pro forma effect to such Incurrence, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of such period; provided that, in the event that Calfrac shall classify Indebtedness Incurred on the date of determination as Incurred in part pursuant to Section 4.09(a) and in part pursuant to one or more clauses of the definition of "Permitted Debt" (other than in respect of clause (13) of such definition), any calculation of Consolidated Fixed Charges pursuant to this definition on such date (but not in respect of any future calculation following such date) shall not include any such Indebtedness (and shall not give effect to any repayment, repurchase, redemption, defeasance or other acquisition, retirement or discharge of Indebtedness from the proceeds thereof) to the extent Incurred pursuant to any such other clause of the definition of "Permitted Debt" on such date.

In addition, for purposes of calculating the Consolidated Fixed Charge Coverage Ratio:

(1) acquisitions and dispositions of business entities or property and assets constituting a division or line of business of any Person that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date will be given pro forma effect as if they had occurred on the first day of the four-quarter reference period, and Consolidated Cash Flow for such reference period will be calculated on a pro forma basis in good faith on a reasonable basis by a responsible financial or accounting Officer of Calfrac; provided, that such Officer may in his discretion include any pro forma changes to Consolidated Cash Flow, including any pro forma reductions of expenses and costs, that have occurred or are reasonably

expected by such Officer to occur (regardless of whether such expense or cost savings or any other operating improvements could then be reflected properly in pro forma financial statements prepared in accordance with Regulation S-X under the Securities Act or any other regulation or policy of the SEC);

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with IFRS, will be excluded;

(3) the Consolidated Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) Fixed Charges attributable to non-recurring charges associated with any premium or penalty paid, write-offs of deferred financing costs (including unamortized original issue discount) or other financial recapitalization changes in connection with redeeming or retiring any Indebtedness prior to its maturity, will be excluded; and

(5) Fixed Charges attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate will be computed as if the rate in effect on the Calculation Date (taking into account any interest rate option, swap, cap or similar agreement applicable to such Indebtedness if such agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period.

"*Consolidated Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including amortization of debt issuance costs and original issue discount (provided, however, that any amortization of bond premium will be credited to reduce Consolidated Fixed Charges unless pursuant to IFRS, such amortization of bond premium has otherwise reduced Consolidated Fixed Charges), non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations; plus

(2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; plus

(3) any interest expense actually paid on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries; plus

(4) all dividends, whether paid or accrued and whether or not in cash, on any series of

Disqualified Stock of such Person or any of its Restricted Subsidiaries or Preferred Stock of such Person's Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests (other than Disqualified Stock) of Calfrac or to Calfrac or a Restricted Subsidiary of Calfrac,

in each case, on a consolidated basis and in accordance with IFRS.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS; *provided* that:

(1) the Net Income or loss of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary thereof;

(2) the Net Income of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its equityholders;

(3) the cumulative effect of a change in accounting principles will be excluded;

(4) solely for purpose of determining the amount available for Restricted Payments under clause (3)(aa) of Section 4.07(a) (and for the avoidance of doubt, such clause (aa) is located in the second use of the designation "(3)" under Section 4.07(a)), the Net Income of any Person acquired during the specified period for any period prior to the date of such acquisition will be excluded;

(5) to the extent deducted in the calculation of Net Income, any non-recurring charges associated with any premium or penalty paid, write-offs of deferred financing costs (including unamortized original issue discount) or other financial recapitalization changes in connection with redeeming or retiring any Indebtedness prior to its maturity will be added back to the calculation of Consolidated Net Income;

(6) any asset impairment write-downs under IFRS will be excluded;

(7) unrealized gains and losses due solely to fluctuations in currency values and the related tax effects according to IFRS will be excluded; and

(8) unrealized losses and gains under Hedging Obligations included in the determination of Consolidated Net Income will be excluded.

"*Consolidated Tangible Assets*" means, with respect to any Person as of any date of determination, the amount which, in accordance with IFRS, would be set forth under the caption "Total Assets" (or any like caption) on a consolidated balance sheet of such Person and its Restricted Subsidiaries, less all goodwill, patents, tradenames, trademarks, copyrights, franchises, experimental expenses, organization expenses and any other amounts classified as intangible assets in accordance with IFRS.

"Corporate Trust Office" means the office of the Trustee at which at any particular time its corporate trust business with respect to this Indenture shall be administered, which office at the date hereof is located at 333 S Grand Ave, 5th Floor, Los Angeles, CA 90071-1504 Attention: Corporate Trust Services, and for Agent services such office shall also mean the office or agency of the Trustee located at Corporate Trust Operations, MAC N9300-070, 600 South Fourth Street, Seventh Floor, Minneapolis, MN 55415, or such other address as the Trustee may designate from time to time by notice to the Holders and the Company, or the principal corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Holders and the Company).

"*Credit Agreement*" means the Amended and Restated Credit Agreement, dated September 27, 2017, between Calfrac Well Services Ltd., the lenders party thereto and HSBC Bank Canada, as administrative agent, as amended, restated, modified, renewed, refunded, replaced or refinanced from time to time, regardless of whether such amendment, restatement, modification, renewal, refunding, replacement or refinancing is with the same financial institutions or otherwise.

"*Credit Facilities*" means one or more debt facilities, including the Credit Agreement, or other financing arrangements (including, without limitation, credit agreements, commercial paper facilities or indentures) providing for revolving credit loans, term loans, receivables financing, bankers acceptances, letters of credit, debt securities or other indebtedness, including any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements, refundings, replacements or refinancings thereof and any indentures or credit facilities or commercial paper facilities that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount permitted to be borrowed thereunder or alters the maturity thereof, whether or not by the same or any other agent, investor, lender or group of lenders (whether or not such added or substituted parties are banks or other institutional lenders), in each case, whether or not any such amendment, supplement, modification, extension, renewal, restatement, refunding, replacement or refinancing occurs simultaneously with the termination or repayment of a prior Credit Facility.

"*Custodian*" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Depositary*" means, with respect to the Notes issuable or issued in whole or part in global form, the Person specified in Section 2.04(b) as the Depositary with respect to the Notes, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provisions of this Indenture.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is one year after the date on which the notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require Calfrac to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that Calfrac may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07. The term "Disqualified Stock" will also include any options, warrants or other rights that are convertible into Disqualified Stock or that are redeemable at the option of the holder, or required to be redeemed, prior to the date that is one year after the date on which the Notes mature. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that Calfrac and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

"*dollars*" or "*$*" means Canadian dollars. Whenever compliance with any provision of, or the default provisions or definitions in, this Indenture refer to an amount in Canadian dollars, that amount will be deemed to refer to the Canadian Dollar Equivalent of the amount of any obligation or sum denominated in any other currency or currencies, including composite currencies, which was in effect on the date of Incurring, expending, remitting or otherwise initially incurring or expending such amount, or in the case of revolving credit obligations, on the date first committed, or otherwise as expressly provided in this Indenture, and, in any case, no subsequent change in the Canadian Dollar Equivalent after the applicable date of determination will cause such determination to be modified.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means (i) a public or private offer and sale of Capital Stock (other than (a) Capital Stock made to any Subsidiary, (b) Disqualified Stock or (c) equity securities pursuant to a registration statement on Form S-8 or otherwise relating to equity securities issuable under any employee benefit plan of Calfrac) of Calfrac to any Person (other than a Subsidiary of Calfrac) or (ii) a contribution to the equity capital of Calfrac by any Person (other than a Subsidiary of Calfrac).

"*Euroclear*" means Euroclear Bank S.A./N.V., as operator of the Euroclear system, and any successor thereto.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*Existing Indebtedness*" means the aggregate amount of Indebtedness of Calfrac and its Restricted Subsidiaries (other than Indebtedness under the Credit Agreement or under the Notes and the related Subsidiary Guarantees) in existence on the Issue Date after giving effect to the application of the proceeds of (1) the Notes and (2) any borrowings made under the Credit Agreement on the Issue Date, until such amounts are repaid.

"*Fair Market Value*" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors or an executive officer of Calfrac, as the case may be pursuant to the applicable provisions of this Indenture, whose determination will be conclusive if evidenced by a Board Resolution or Officers' Certificate, as applicable.

"*Fitch*" means Fitch Ratings, Inc. or any successor ratings agency.

"*Global Note Legend*" means the legend set forth in Section 2.07(g)(ii), which is required to be placed on all Global Notes issued under this Indenture.

"*Global Notes*" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes, substantially in the form of Exhibit A hereto, issued in accordance with Section 2.01 or Section 2.07.

"*Government Securities*" means securities that are direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged.

"*Guarantee*" means, as to any Person, a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness of another Person.

"*Guarantors*" means, collectively, any of Calfrac, in its capacity as issuer of the Parent Guarantee, until released from its obligations under the Parent Guarantee in accordance with the terms of this Indenture, and the Subsidiary Guarantors.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, interest rate cap agreements, interest rate collar agreements and other agreements or arrangements with respect to interest rates;

(2) commodity swap agreements, commodity option agreements, forward contracts and other agreements or arrangements with respect to commodity prices;

(3) foreign exchange contracts, currency swap agreements and other agreements or arrangements with respect to foreign currency exchange rates; and

(4) other agreements or arrangements designed to protect such Person or any Restricted Subsidiaries against fluctuations in interest rates, commodity prices or currency exchange rates.

"*Holder*" means a Person in whose name a Note is registered.

"*IFRS*" means International Financial Reporting Standards, as adopted by the International Accounting Standards Board and/or the European Union, as in effect from time to time.

"*Incur*" means, with respect to any Indebtedness, to incur, create, issue, assume, Guarantee or otherwise become directly or indirectly liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness (and "Incurrence" and "Incurred" will have meanings correlative to the foregoing); *provided* that (1) any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary of Calfrac will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary of Calfrac and (2) neither the accrual of interest or dividends nor the accretion of original issue discount nor the payment of interest in the form of additional Indebtedness with the same terms and the payment of dividends on Disqualified Stock or Preferred Stock in the form of additional shares of the same class of Disqualified Stock or Preferred Stock (to the extent provided for when the Indebtedness or Disqualified Stock or Preferred Stock on which such interest or dividend is paid was originally issued) will be considered an Incurrence of Indebtedness; *provided* that in each case the amount thereof is for all other purposes included in the Consolidated Fixed Charges and Indebtedness of Calfrac or its Restricted Subsidiary as accrued.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of banker's acceptances;

(4) in respect of Capital Lease Obligations;

(5) in respect of the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed, except any such balance that constitutes an accrued expense or a trade payable;

(6) representing Hedging Obligations;

(7) representing Disqualified Stock valued as provided in the definition of the term "Disqualified Stock;" or

(8) in the case of a Subsidiary of such Person, representing Preferred Stock valued at the greater of its voluntary or involuntary maximum fixed purchase price;

if and to the extent any of the preceding items (other than letters of credit, Hedging Obligations, Disqualified Stock and Preferred Stock) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS.

In addition, the term "Indebtedness" includes (x) all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person), *provided* that the amount of such Indebtedness will be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness, and (y) to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person. For purposes hereof, the "maximum fixed repurchase price" of any Disqualified Stock or Preferred Stock which does not have a fixed repurchase price will be calculated in accordance with the terms of such Disqualified Stock or Preferred Stock, as applicable, as if such Disqualified Stock or Preferred Stock was repurchased on any date on which Indebtedness will be required to be determined pursuant to this Indenture.

Notwithstanding the foregoing, the following shall not constitute Indebtedness:

(1) any obligation arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such obligation is extinguished within five Business Days of its incurrence;

(2) any obligation arising from any agreement providing for indemnities, Guarantees, purchase price adjustments, holdbacks, contingency payment obligations based on the performance of the acquired or disposed assets or similar obligations (other than Guarantees of Indebtedness) customarily Incurred by any Person in connection with the acquisition or disposition of any assets, including Capital Stock; and

(3) any indebtedness that has been defeased in accordance with IFRS or defeased pursuant to the irrevocable deposit of cash or Cash Equivalents (in an amount sufficient to satisfy all obligations relating thereto at maturity or redemption, as applicable, including all payments of interest and premium, if any) in a trust or account created or pledged for the sole benefit of the holders of such indebtedness, and subject to no other Liens, and in accordance with the other applicable terms of the instrument governing such indebtedness; *provided, however*, if any such defeasance shall be terminated prior to the full discharge of the Indebtedness for which it was Incurred, then such Indebtedness shall constitute Indebtedness for all relevant purposes of this Indenture.

The amount of any Indebtedness outstanding as of any date will be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, and will be:

(1) the accreted value thereof, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

"*Indenture*" means this Indenture, as amended or supplemented from time to time.

"*Indirect Participant*" means a Person who holds a beneficial interest in a Global Note through a Participant.

"*Initial Guarantors*" means, collectively, Calfrac and Calfrac Corp.

"*Institutional Accredited Investor*" means an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act, who is not also a QlB.

"*Investment Grade Status*" shall occur when the Notes receive two of the following:

1) a rating of "BBB-" or higher from S&P;

2) a rating of "Baa3" or higher from Moody's; and/or

3) a rating of "BBB-" or higher from Fitch;

or the equivalent of such rating by such rating organization or, if no rating of S&P, Moody's or Fitch then exists, the equivalent of such rating by any other "nationally recognized statistical rating organization," as that term is used in Rule 15c3-1 under the Exchange Act, selected by Calfrac (and certified by a resolution of its Board of Directors) as a replacement agency.

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the form of loans or other extensions of credit (including Guarantees), advances, capital contributions (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others, excluding commission, travel and similar advances to officers and employees made in the ordinary course of business and excluding accounts receivables created or acquired in the ordinary course of business, and further excluding contributions made to the Calfrac Well Services Ltd. Employee Matching Investment Plan Trust in accordance with the terms of the Calfrac Well Services Ltd. Employee Matching Investment Plan, or replacement plans that are substantially similar in scope and nature, as amended from time to time), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with IFRS.

If Calfrac or any Restricted Subsidiary of Calfrac sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of Calfrac such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of Calfrac, Calfrac will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Investment in such Subsidiary not sold or disposed of. The acquisition by Calfrac or any Restricted Subsidiary of Calfrac of a Person that holds an Investment in a third Person will be deemed to be an Investment by Calfrac or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investment held by the acquired Person in such third Person.

"*Issue Date*" means the date of original issuance of the initial Notes under this Indenture.

"*Legal Holiday*" means a Saturday, a Sunday or a day on which banking institutions in The City of New York or Calgary, Canada or at a place of payment are authorized or required by law, regulation or executive order to remain closed.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"*Limited Condition Transaction*" means (i) any acquisition by Calfrac or any of its Restricted Subsidiaries of any business or Person or any other similar Investment permitted by this Indenture whose consummation is not conditioned on the availability of, or on obtaining, third-party financing and (ii) any redemption, repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment.

"*Moody's*" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"*Multijurisdictional Disclosure System*" means the Canada-U.S. Multijurisdictional Disclosure System adopted by the SEC and the Canadian Securities Administrators, as in effect from time to time, and any successor statutes, rules or regulations thereto.

"*Net Income*" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with IFRS and before any reduction in respect of Preferred Stock dividends, excluding, however:

(1) any gain or loss, together with any related provision for taxes on such gain or loss, realized in connection with: (a) any Asset Sale; or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and

(2) any extraordinary gain or loss, together with any related provision for taxes on such extraordinary gain or loss.

"*Net Proceeds*" means the aggregate cash proceeds, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not the interest component, thereof) received by Calfrac or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of (1) the direct costs relating to such Asset Sale, including, without limitation, legal, accounting, investment banking and brokerage fees, and sales commissions, and any relocation expenses incurred as a result thereof, (2) taxes paid or payable as a result thereof, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, (3) amounts required to be applied to the repayment of Indebtedness or other liabilities secured by a Lien on the asset or assets that were the subject of such Asset Sale or required to be paid as a result of such sale, (4) in the case of any Asset Sale by a Restricted Subsidiary of Calfrac, payments to holders of Equity Interests in such Restricted Subsidiary in such capacity (other than such Equity Interests held by Calfrac or any Restricted Subsidiary thereof) to the extent that such payment is required to permit the distribution of such proceeds in respect of the Equity Interests in such Restricted Subsidiary held by Calfrac or any Restricted Subsidiary thereof, and (5) appropriate amounts to be provided by Calfrac or its Restricted Subsidiaries as a reserve against liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in accordance with IFRS; *provided* that (a) excess amounts set aside for payment of taxes pursuant to clause (2) above remaining after such taxes have been paid in full or the statute of limitations therefor has expired and (b) amounts initially held in reserve pursuant to clause (5) no longer so held, will, in the case of each of subclause (a) and (b), at that time become Net Proceeds.

"*Non-U.S. Person*" means a Person who is not a U.S. Person.

"*Notes*" means the 8.50% Senior Notes due 2026 of Calfrac Holdings issued on the Issue Date and any Additional Notes. The Notes and the Additional Notes, if any, shall be treated as a single class for all purposes under this Indenture.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Offering Memorandum*" means the offering memorandum, dated May 15, 2018, relating to Calfrac Holdings' 8.50% Senior Notes due 2026.

"*Officer*" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary, any Assistant Secretary or any Senior Vice-President or Vice-President of such Person.

"*Officers' Certificate*" means a certificate signed on behalf of Calfrac by at least two Officers of Calfrac, one of whom must be the principal executive officer, the principal financial officer or the principal accounting officer of Calfrac, delivered to the Trustee that meets the requirements of this Indenture.

"*Opinion of Counsel*" means a written opinion from legal counsel who is reasonably acceptable to the Trustee (who may be counsel to or an employee of Calfrac) that meets the requirements of this Indenture.

"*Parent Entity*" means any Person that is a direct or indirect parent company that owns more than 50% of the total voting power of the Voting Stock of Calfrac Holdings.

"*Parent Guarantee*" means a Guarantee of the Notes by Calfrac in accordance with the provisions of this Indenture.

"*Participant*" means, with respect to the Depositary, Euroclear or Clearstream, a Person who has an account with the Depositary, Euroclear or Clearstream, respectively (and with respect to DTC, shall include Euroclear and Clearstream).

"*Permitted Acquisition Indebtedness*" means Indebtedness or Disqualified Stock of Calfrac or any of its Restricted Subsidiaries to the extent such Indebtedness or Disqualified Stock was Indebtedness or Disqualified Stock of any other Person existing at the time (a) such Person became a Restricted Subsidiary of Calfrac or (b) such Person was merged or consolidated with or into Calfrac or any of its Restricted Subsidiaries; provided that on the date such Person became a Restricted Subsidiary of Calfrac or the date such Person was merged or consolidated with or into Calfrac or any of its Restricted Subsidiaries, as applicable, either:

(1) immediately after giving effect to such transaction on a pro forma basis as if the same had occurred at the beginning of the applicable four-quarter period, Calfrac or such Restricted Subsidiary, as applicable, would be permitted to incur at least $1.00 of additional Indebtedness pursuant to Section 4.09(a); or

(2) immediately after giving effect to such transaction on a pro forma basis as if the same had occurred at the beginning of the applicable four-quarter period, the Consolidated Fixed Charge Coverage Ratio of Calfrac would be equal to or greater than the Consolidated Fixed Charge Coverage Ratio of Calfrac immediately prior to such transaction.

"*Permitted Business*" means any business conducted or proposed to be conducted (as described in the Offering Memorandum) by Calfrac and its Restricted Subsidiaries on the Issue Date and other businesses reasonably related, complimentary or ancillary thereto.

"*Permitted Holder*" means any of (i) (a) Ronald P. Mathison ("*Mathison*") or (b) Mathison and any of Douglas R. Ramsay and Gordon A. Dibb ("*Mathison Group*"), and (ii) (a) a majority owned Subsidiary of Mathison or Mathison Group, (b) an immediate family member of Mathison or any member

of Mathison Group, or (c) any trust, corporation, partnership, limited liability company or other entity of which the beneficiaries, stockholders, partners, members, owners or Persons Beneficially Owning a majority controlling interest consist of Mathison or Mathison Group and/or such other Persons referred to in the immediately preceding clauses(ii)(a) and (b).

"*Permitted Investments*" means:

(1) any Investment in Calfrac or in a Restricted Subsidiary of Calfrac;

(2) any Investment in Cash Equivalents;

(3) any Investment by Calfrac or any Restricted Subsidiary of Calfrac in a Person; if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of Calfrac; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Calfrac or a Restricted Subsidiary of Calfrac;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10 or a sale or disposition of assets excluded from the definition of "Asset Sale;"

(5) Hedging Obligations that are Incurred for the purpose of fixing, hedging or swapping interest rate, commodity price or foreign currency exchange rate risk (or to reverse or amend any such agreements previously made for such purposes), and not for speculative purposes, and that do not increase the Indebtedness of the obligor outstanding at any time other than as a result of fluctuations in interest rates, commodity prices or foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;

(6) stock, obligations or securities received as a result of the bankruptcy or reorganization of a Person or taken in settlement or other resolutions of claims or disputes or in satisfaction of judgments, and extensions, modifications and renewals thereof;

(7) advances to customers or suppliers in the ordinary course of business that are, in conformity with IFRS, recorded as accounts receivable, prepaid expenses or deposits on the balance sheet of Calfrac or its Restricted Subsidiaries and endorsements for collection or deposit arising in the ordinary course of business;

(8) any Investment in any Person solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of Calfrac;

(9) loans to officers and employees of Calfrac or any of its Subsidiaries made in the ordinary course of business, which, in the aggregate outstanding amount, do not at any time exceed US$5,000,000;

(10) Permitted Joint Venture Investments made by Calfrac or any of its Restricted Subsidiaries in an aggregate amount (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (10), that does not exceed US$20,000,000;

(11) repurchases of, or other Investments in, the Notes;

(12) advances, deposits and prepayments for purchases of any assets used in a Permitted Business, including any Equity Interests;

(13) commission, payroll, travel, entertainment and similar advances to officers and employees of Calfrac or any of its Restricted Subsidiaries that are expected at the time of such advance ultimately to be recorded as an expense in conformity with IFRS;

(14) Guarantees issued in accordance with Section 4.09;

(15) Investments existing on the Issue Date;

(16) any Investment (a) existing on the Issue Date, (b) made pursuant to binding commitments in effect on the Issue Date and (c) that replaces, refinances or refunds any Investment described under either of the immediately preceding clauses (a) or (b); provided that the new Investment is in an amount that does not exceed the amount replaced, refinanced or refunded, and not materially less favorable to Calfrac or any of its Restricted Subsidiaries than the Investment replaced, refinanced or refunded as determined in good faith by Calfrac;

(17) Investments the payment for which consists solely of Capital Stock of Calfrac;

(18) repurchase of the Notes;

(19) any Investment in any Subsidiary of Calfrac in connection with intercompany cash management arrangements or related activities;

(20) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business or consistent with past practice;

(21) Investments in the ordinary course of business or consistent with past practice consisting of the licensing or contribution of intellectual property pursuant to joint marketing or other business arrangements with other Persons;

(22) any Investment acquired by Calfrac or any of its Restricted Subsidiaries, as a result of the acquisition of another Person, including by way of a merger, amalgamation or consolidation with or into Calfrac or any of its Restricted Subsidiaries in a transaction that is not prohibited by this Indenture to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(23) an Investment in exchange for any other Investment or accounts receivable held by Calfrac or any Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of Calfrac of such other Investment or accounts receivable;

(24) an Investment in satisfaction of judgments against other Persons; and

(25) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (25) since the Issue Date, not to exceed the greater of (a) US$20,000,000 or (b) 5.0% of Consolidated Tangible Assets of Calfrac (determined as of the date of the most recent available quarterly or annual balance sheet of Calfrac after giving pro forma effect to such Investment and the application of the proceeds therefrom);

provided, however, that with respect to any Investment, Calfrac may, in its sole discretion, allocate all or any portion of any Investment and later re-allocate all or any portion of any Investment, to one or more of the above clauses (1) through (25) so that the entire Investment would be a Permitted Investment.

"*Permitted Joint Venture Investment*" means, with respect to an Investment by any specified Person, an Investment by such specified Person in any other Person engaged in a Permitted Business (i) over which the specified Person is responsible (either directly or through a service agreement) for day-to-day operations or otherwise has operational and managerial control of such other person, or veto power over significant management decisions affecting such other Person and (ii) of which at least 30% of the outstanding Equity Interests of such other Person is at the time owned directly or indirectly by the specified Person.

"*Permitted Liens*" means:

(1) Liens on the assets of Calfrac and any Restricted Subsidiary securing Indebtedness and other obligations Incurred under clause (1) of Section 4.09(b);

(2) Liens in favor of Calfrac or any Restricted Subsidiary;

(3) Liens on property of a Person (i) existing at the time of acquisition thereof or (ii) existing at the time such Person is merged with or into or consolidated with Calfrac or any

Restricted Subsidiary of Calfrac; *provided* that such Liens were in existence prior to, and not in contemplation of, such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with Calfrac or the Restricted Subsidiary;

(4) Liens on property existing at the time of acquisition thereof by Calfrac or any Restricted Subsidiary of Calfrac, *provided* that such Liens were in existence prior to, and not in contemplation of, such acquisition and do not extend to any property other than the property so acquired by Calfrac or the Restricted Subsidiary;

(5) Liens securing the Notes, and the Subsidiary Guarantees;

(6) Liens existing on the Issue Date (other than any Liens securing Indebtedness Incurred under clause (1) of Section 4.09(b));

(7) Liens securing Permitted Refinancing Indebtedness; *provided* that any such Lien is limited to all or part of the same property or assets that secured (or under the written agreement under which such original Lien arose, could secure) the Indebtedness being refinanced;

(8) Liens on property or assets used to defease or to satisfy and discharge Indebtedness; *provided* that (a) the Incurrence of such Indebtedness was not prohibited by this Indenture and (b) such defeasance or satisfaction and discharge is not prohibited by this Indenture;

(9) Liens not otherwise permitted by clauses (1)-(8) and (10) through (30) of this definition which secure Indebtedness of Calfrac or any of its Restricted Subsidiaries not to exceed the greater of (a) US$60.0 million or (b) 4.0% of the Consolidated Tangible Assets of Calfrac at any one time outstanding;

(10) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (4) of Section 4.09(b); *provided* that any such Lien (i) covers only the assets acquired, constructed, refurbished, installed, improved, deployed, refurbished, modified or leased with such Indebtedness and (ii) is created within 180 days of such acquisition, construction, refurbishment, installation, improvement, deployment, refurbishment, modification or lease;

(11) Liens to secure Indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of construction, development, expansion or improvement of the equipment or other property subject to such Liens; *provided*, *however*, that (i) the principal amount of any Indebtedness secured by such a Lien does not exceed 100% of such purchase price or cost, (ii) such Lien does not extend to or cover any property other than such item of property or any improvements on such item of property and (iii) the incurrence of such Indebtedness is otherwise not prohibited by this Indenture;

(12) Liens on the assets of Foreign Subsidiaries securing Indebtedness of any Foreign Subsidiary, which Indebtedness is permitted by clause (12) of Section 4.09(b);

(13) Liens (i) securing Hedging Obligations of Calfrac or any of its Restricted Subsidiaries which were incurred for the purpose of fixing, hedging or swapping interest rate, commodity price or foreign currency exchange rate risks (or to reverse or amend any such agreement previously made for such purpose) or (ii) securing letters of credit that support such Hedging Obligations;

(14) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other social security or similar obligations;

(15) Liens, deposits or pledges to secure the performance of bids, tenders, contracts (other than contracts for the payment of Indebtedness), leases, or other similar obligations arising in the ordinary course of business;

(16) survey exceptions, encumbrances, easements or reservations of, or rights of others for, rights of way, zoning or other restrictions as to the use of properties, and defects in title which, in the case of any of the foregoing, were not incurred or created to secure the payment of Indebtedness, and which in the aggregate do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by Calfrac or any of its Restricted Subsidiaries;

(17) judgment and attachment Liens, individually or in the aggregate, neither arising from judgments or attachments that gave rise to, nor giving rise to, an Event of Default, notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(18) Liens, deposits or pledges to secure public or statutory obligations, surety, stay, appeal, indemnity, performance or other similar bonds or obligations, and Liens, deposits or pledges in lieu of such bonds or obligations, or to secure such bonds or obligations, or to secure letters of credit in lieu of or supporting the payment of such bonds or obligations, in each case which are Incurred in the ordinary course of business;

(19) Liens in favor of collecting or payor banks having a right of setoff, revocation, refund or chargeback with respect to money or instruments of Calfrac or any Subsidiary thereof on deposit with or in possession of such bank;

(20) any interest or title of a lessor, licensor or sub-licensor in the property subject to any lease, license or sublicense;

(21) Liens for taxes, assessments and governmental charges not yet delinquent or being contested in good faith and for which adequate reserves have been established to the extent required by IFRS;

(22) Liens arising from precautionary financing statements under the Uniform Commercial Code or financing statements under the *Personal Property Security Act* (Alberta) or similar statutes regarding operating leases, sales of receivables or consignments;

(23) Liens of franchisors in the ordinary course of business not securing Indebtedness;

(24) Liens imposed by law, such as carriers', warehousemen's, repairmen's, landlord's, suppliers', builders' and mechanics' Liens or other similar Liens, in each case, incurred in the ordinary course of business for sums not yet delinquent by more than 60 days or being contested in good faith, if such reserve or other appropriate provisions, if any, as shall be required by IFRS, shall have been made in respect thereto;

(25) Liens contained in purchase and sale agreements to which Calfrac or any of its Restricted Subsidiaries is the selling party thereto which limit the transfer of assets pending the closing of the transactions contemplated thereby;

(26) Liens that may be deemed to exist by virtue of contractual provisions that restrict the ability of Calfrac or any of its Subsidiaries from granting or permitting to exist Liens on their respective assets;

(27) Liens in favor of the Trustee as provided for in this Indenture on money or property held or collected by the Trustee in its capacity as Trustee;

(28) Liens arising under operating agreements, joint venture agreements, partnership agreements, oil and gas leases, farmout agreements, division orders, contracts for sale, transportation or exchange of oil and natural gas, unitization and pooling declarations and agreements, area of mutual interest agreements and other agreements arising in the ordinary course of Calfrac's or any Restricted Subsidiary's business that are customary in the Permitted Business;

(29) Liens on and pledges of the Equity Interests of any Unrestricted Subsidiary or any joint venture owned by Calfrac or any of its Restricted Subsidiaries to the extent securing non-recourse debt or other Indebtedness of such Unrestricted Subsidiary or joint venture; and

(30) Liens securing any insurance premium financing under customary terms and conditions, provided that no such Lien may extend to or cover any assets or property other than the insurance being acquired with such financing, the proceeds thereof and any unearned or refunded insurance premiums related thereto.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of Calfrac or any of its Restricted Subsidiaries issued (a) in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund for value, in whole or in part, or (b) constituting an amendment, modification or supplement to or deferral or renewal of ((a) and (b) collectively, a "*Refinancing*") any other Indebtedness of Calfrac or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the amount of such Permitted Refinancing Indebtedness does not exceed the amount of the Indebtedness so refinanced (plus all accrued and unpaid interest thereon and the amount of any premium necessary to accomplish such refinancing and fees and expenses incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being Refinanced;

(3) if the Indebtedness being Refinanced is subordinated in right of payment to the Notes, the Parent Guarantee or the Subsidiary Guarantees, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of the Notes and is subordinated in right of payment to the Notes, the Parent Guarantee or the Subsidiary Guarantees, as applicable, on terms at least as favorable, taken as a whole, to the Holders of Notes as those contained in the documentation governing the Indebtedness being Refinanced; and

(4) if the Indebtedness being Refinanced is *pari passu* in right of payment with the Notes, the Parent Guarantee or any Subsidiary Guarantee, such Permitted Refinancing Indebtedness is *pari passu* with, or subordinated in right of payment to, the Notes, the Parent Guarantee or such Subsidiary Guarantee, as applicable.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, unlimited liability company, or government or other entity.

"*Preferred Stock*" means, with respect to any Person, any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions upon liquidation.

"*Private Placement Legend*" means the legend set forth in Section 2.07(g)(i)(1), which is required to be placed on each Global Note and each Definitive Note issued under this Indenture.

"*Rating Agency*" means each of Standard & Poor's, Moody's and Fitch, or if Standard & Poor's, Moody's or Fitch, or all, shall not make a rating on the Notes publicly available, a "nationally recognized statistical rating agency or agencies" (as that term is used in Rule 15c3-1 under the Exchange Act), as the case may be, selected by Calfrac (as certified by a resolution of its Board of Directors) which shall be substituted for Standard & Poor's, Moody's or Fitch, or all, as the case may be.

"*Reference Date*" means April 1, 2018.

"*Regulation S*" means Regulation S promulgated under the Securities Act.

"*Regulation S Global Note*" means a Global Note in the form of Exhibit A bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount at maturity of the Notes initially sold in reliance on Rule 903 of Regulation S.

"*Replacement Assets*" means (1) non-current assets that will be used or useful in a Permitted Business or (2) substantially all the assets of a Permitted Business or a majority of the Voting Stock of any Person engaged in a Permitted Business that will become on the date of acquisition thereof a Restricted Subsidiary.

"*Reporting Failure*" means the failure of Calfrac to furnish to the Trustee and each Holder of Notes, within the time periods specified in Section 4.03 (after giving effect to any grace period specified under Rule 12b-25 under the Exchange Act or similar Canadian federal or provincial statute, rule or regulation), the annual reports, information, documents or other reports which Calfrac may be required to file with the SEC, the Canadian Securities Administrators or similar governmental authorities, as the case the be, pursuant to such or similar applicable provisions.

"*Responsible Officer*," when used with respect to the Trustee, means any officer within the Corporate Trust Office of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject, and who has direct responsibility for the administration of this Indenture.

"*Restricted Definitive Note*" means a Definitive Note bearing the Private Placement Legend.

"*Restricted Global Note*" means a Global Note bearing the Private Placement Legend.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Period*" means the 40-day distribution compliance period as defined in Regulation S.

"*Restricted Subsidiary*" of a Person means any Subsidiary of such Person that is not an Unrestricted Subsidiary.

"*Rule 144*" means Rule 144 promulgated under the Securities Act.

"*Rule 144A*" means Rule 144A promulgated under the Securities Act.

"*Rule 903*" means Rule 903 promulgated under the Securities Act.

"*Rule 904*" means Rule 904 promulgated under the Securities Act.

"*SEC*" means the United States Securities and Exchange Commission.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*Significant Subsidiary*" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Issue Date.

"*Standard & Poor's*" means Standard & Poor's Rating Service, a division of S&P Global Inc., or any successor to the rating agency business thereof.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means Indebtedness of Calfrac Holdings, Calfrac or a Subsidiary Guarantor that is contractually subordinated in right of payment, in any respect (by its terms or the terms of any document or instrument relating thereto), to the Notes, the Parent Guarantee or the Subsidiary Guarantee of such Guarantor, as applicable.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"*Subsidiary Guarantee*" means a Guarantee of the Notes by a Subsidiary of Calfrac in accordance with the provisions of this Indenture.

"*Subsidiary Guarantor*" means any Subsidiary that executes a Subsidiary Guarantee in accordance with the provisions of this Indenture and its respective successors and assigns until released from its obligations under its Subsidiary Guarantee and this Indenture in accordance with the terms of this Indenture.

"*Trust Indenture Act*" means the Trust Indenture Act of 1939, as amended.

"*Trustee*" means the Person named as the "Trustee" in the introductory paragraph of this Indenture, until a successor Person replaces it in accordance with the applicable provisions of this Indenture and thereafter, means such successor Person serving hereunder and each such successive successor Person.

"*Unrestricted Definitive Note*" means a Definitive Note that does not bear and is not required to bear the Private Placement Legend.

"*Unrestricted Global Note*" means a Global Note substantially in the form of Exhibit A that bears the Global Note Legend, that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, that is deposited with or on behalf of and registered in the name of the Depositary, representing a series of Notes, and that does not bear and is not required to bear the Private Placement Legend.

"*Unrestricted Subsidiary*" means any Subsidiary of Calfrac that is designated by the Board of Directors of Calfrac as an Unrestricted Subsidiary pursuant to a Board Resolution in compliance with Section 4.14, and any Subsidiary of such Subsidiary.

"*U.S. Dollar Equivalent*" means, with respect to any monetary amount in a currency other than the U.S. dollar, at or as of any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by Reuters (or, if Reuters ceases to provide such spot quotations, by any other reputable service as is providing such spot quotations, as reasonably selected by Calfrac) at approximately 11:00 a.m. (New York City time) on the date not more than two Business Days prior to such determination.

"*U.S. dollars*" or "*US$*" means United States dollars. Whenever the compliance with any provision of, or the default provisions or definitions in, this Indenture refer to an amount in U.S. dollars, that amount will be deemed to refer to the U.S. Dollar Equivalent of the amount of any obligation or sum denominated in any other currency or currencies, including composite currencies, which was in effect on the date of Incurring, expending, remitting or otherwise initially incurring or expending such amount, or in the case of revolving credit obligations, on the date first committed, or otherwise as expressly provided in this Indenture, and, in any case, no subsequent change in the U.S. Dollar Equivalent after the applicable date of determination will cause such determination to be modified.

"*U.S. Person*" means a U.S. person as defined in Rule 902(k) under the Securities Act.

"*Voting Stock*" of any Person as of any date means the Capital Stock of such Person that is ordinarily entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

Section 1.02 *Other Definitions.*

Term	**Defined in Section**
"*Additional Amounts*"	4.17
"*Advance Offer*"	4.10
"*Advance Portion*"	4.10
"*Affiliate Transaction*"	4.11
"*Asset Sale Offer*"	4.10
"*Authentication Order*"	2.02
"*Canadian Private Placement Legend*"	2.07
"*Change of Control Offer*"	4.13
"*Change of Control Payment*"	4.13
"*Change of Control Payment Date*"	4.13
"*Code*"	2.01
"*Covenant Defeasance*"	8.03
"*DTC*"	2.01
"*Event of Default*"	6.01
"*Excess Proceeds*"	4.10
"*Excluded Holder*"	4.17
"*Foreign Subsidiaries*"	4.09
"*Judgment Currency*"	12.11
"*Legal Defeasance*"	8.02
"*Make-Whole Average Life*"	3.07
"*Make-Whole Premium*"	3.07
"*Offer Amount*"	3.08
"*Offer Period*"	3.08
"*offshore transaction*"	2.07
"*Paying Agent*"	2.04
"*Payment Default*"	6.01
"*Permitted Debt*"	4.09
"*Purchase Date*"	3.08
"*Registrar*"	2.04
"*Reimbursement Payments*"	4.17
"*Reinstatement Date*"	4.18

"*Repurchase Offer*"	3.08
"*Restricted Payments*"	4.07
"*Suspended Provisions*"	4.18
"*Suspension Date*"	4.18
"*Suspension Period*"	4.18
"*Taxes*"	4.17
"*Taxing Authority*"	4.17
"Transaction Agreement Date"	1.04
"*Treasury Rate*"	3.07

Section 1.03 *Rules of Construction.*

Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with IFRS;

(c) "*or*" is not exclusive;

(d) words in the singular include the plural, and in the plural include the singular;

(e) "*herein*," "*hereof*" and other words of similar import refer to this Indenture as a whole and not to any particular Section, Article or other subdivision;

(f) all references to Sections or Articles or Exhibits refer to Sections or Articles or Exhibits of or to this Indenture unless otherwise indicated;

(g) references to sections of or rules under the Securities Act shall be deemed to include substitute, replacement of Successor sections or rules adopted by the SEC from time to time;

(h) whenever in this Indenture or the Notes it is provided that the principal amount with respect to a Note shall be paid, such provision shall be deemed to require (whether or not so expressly stated) the simultaneous payment of any accrued and unpaid interest to the date of payment on such Note; and

(i) the word "*will*" shall be construed to have the same meaning and effect as the word "*shall*."

Section 1.04 *Financial Calculations for Limited Condition Transactions*

(a) With respect to any Limited Condition Transaction, for purposes of determining:

(i) whether any Indebtedness (including Acquired Debt) that is being incurred in connection with such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness is permitted to be incurred in compliance with Section 4.09;

(ii) whether any Lien being incurred in connection with such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness or to secure any such Indebtedness is permitted to be incurred in accordance with Section 4.12 or the definition of "Permitted Liens";

(iii) whether any other transaction undertaken or proposed to be undertaken in connection with such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness complies with the covenants or agreements contained in this Indenture or the notes; and

(iv) any calculation of the Consolidated Fixed Charge Coverage Ratio, Consolidated Net Income and/ or Consolidated Cash Flow and, whether a Default or Event of Default exists in connection with the foregoing,

at the option of Calfrac, using the date that the definitive agreement for such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness is entered into (the "*Transaction Agreement Date*") as the applicable date of determination, as the case may be, in each case with such pro forma adjustments as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of "Consolidated Fixed Charge Coverage Ratio." For the avoidance of doubt, if Calfrac elects to use the Transaction Agreement Date as the applicable date of determination in accordance with the foregoing, (a) any fluctuation or change in the Consolidated Fixed Charge Coverage Ratio, Consolidated Net Income and/or Consolidated Cash Flow of Calfrac, the target business or assets to be acquired subsequent to the Transaction Agreement Date and at or prior to the consummation of such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness, will not be taken into account for purposes of determining whether any Indebtedness or Lien that is being incurred in connection with such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness is permitted to be incurred or in connection with compliance by Calfrac or any of the Restricted Subsidiaries with any other provision of this Indenture or the notes or any other transaction undertaken in connection with such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness and (b) until such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness is consummated or such definitive agreements are terminated, such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness and all transactions proposed to be undertaken in connection therewith (including the incurrence of Indebtedness and Liens) will be given pro forma effect when determining compliance of other transactions (including the incurrence of Indebtedness and Liens unrelated to such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness) that are consummated after the Transaction Agreement Date and on or prior to the consummation of such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness and any such transactions (including any incurrence of Indebtedness and the use of proceeds thereof) will be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or

ratios under this Indenture after the date of such agreement and before the consummation of such acquisition or similar Investment or repayment, repurchase or refinancing of Indebtedness; provided that in connection with the making of Restricted Payments, the calculation of Consolidated Net Income (and any defined term a component of which is Consolidated Net Income) will not, in any case, assume such acquisition or similar Investment has been consummated. In addition, this Indenture will provide that compliance with any requirement relating to absence of Default or Event of Default may be determined as of the Transaction Agreement Date and not as of any later date as would otherwise be required under this Indenture. In the event an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) is Incurred or issued, any Lien is incurred or other transaction is undertaken on the same date that any other item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) is Incurred or issued, any other Lien is incurred or other transaction is undertaken, then the Consolidated Fixed Charge Coverage Ratio will be calculated with respect to such incurrence, issuance or other transaction without regard to any other incurrence, issuance or transaction. Each item of Indebtedness, Disqualified Stock or Preferred Stock that is incurred or issued, each Lien incurred and each other transaction undertaken will be deemed to have been incurred, issued or taken first, to the extent available, pursuant to the relevant Consolidated Fixed Charge Coverage Ratio.

Article II

THE NOTES

Section 2.01 *Form and Dating.*

(a) *General*. The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note shall be dated the date of its authentication. The Notes shall be issued in registered form without interest coupons in minimum denominations of US$2,000 and integral multiples of US$1,000 in excess thereof.

The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Indenture, and Calfrac Holdings, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) *Global Notes*. Notes issued in global form shall be substantially in the form of Exhibit A (and shall include the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Notes issued in definitive form shall be substantially in the form of Exhibit A (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note shall represent such amount of the outstanding Notes as shall be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to

reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee or, if the Custodian and the Trustee are not the same Person, by the Custodian at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.07 hereof.

(c) *Regulation S Global Notes*. Notes offered and sold in reliance on Regulation S shall be issued initially in the form of the Regulation S Global Note, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, as custodian for The Depository Trust Company ("*DTC*"), and registered in the name of the Depositary or the nominee of the Depositary for (he accounts of designated agents holding on behalf of Euroclear or Clearstream, duly executed by Calfrac Holdings and authenticated by the Trustee as hereinafter provided. The aggregate principal amount of the Regulation S Global Notes may, from time to time, be increased or decreased by adjustments made on the records of the Trustee and the Depositary or its nominee, as the case may be, in connection with transfers of interest as hereinafter provided.

(d) *Euroclear and Clearstream Procedures Applicable*. The provisions of the "Operating Procedures of Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Clearstream Banking" and "Customer Handbook" of Clearstream shall be applicable to transfers of beneficial interests in the Regulation S Global Notes that are held by Participants through Euroclear or Clearstream.

Section 2.02 *Execution and Authentication.*

At least one Officer of Calfrac Holdings shall sign the Notes for Calfrac Holdings by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be entitled to any benefit under this Indenture or be valid or obligatory for any purpose until authenticated by the manual signature of the Trustee. Such signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture is unlimited.

Calfrac Holdings may, subject to Section 4.09 of this Indenture and applicable law, issue Additional Notes under this Indenture. The Notes issued on the Issue Date and any Additional Notes subsequently issued shall be treated as a single class for all purposes under this Indenture.

At any time and from time to time after the execution of this Indenture, the Trustee shall, upon receipt of a written order of Calfrac Holdings signed by an Officer of Calfrac Holdings (an "*Authentication Order*"), authenticate Notes for original issue in an aggregate principal amount specified

in such Authentication Order. The Authentication Order shall specify the amount of Notes to be authenticated and the date on which the Notes are to be authenticated.

The Trustee may appoint an authenticating agent acceptable to Calfrac Holdings, which acceptance shall not be unreasonably withheld, to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of Calfrac Holdings.

Section 2.03 *Methods of Receiving Payments on the Notes.*

If a Holder has given wire transfer instructions to Calfrac Holdings, Calfrac Holdings shall pay all principal, interest and premium, if any, on that Holder's Notes in accordance with those instructions. All other payments on Notes shall be made at the office or agency of the Paying Agent and Registrar unless Calfrac Holdings elects to make interest payments by check mailed to the Holders at their addresses set forth in the register of Holders.

Section 2.04 *Registrar and Paying Agent.*

(a) Calfrac Holdings shall maintain a registrar with an office or agency where Notes may be presented for registration of transfer or for exchange ("*Registrar*") and a paying agent with an office or agency where Notes may be presented for payment ("*Paying Agent*"). The Registrar shall keep a register of the Notes and of their transfer and exchange. Calfrac Holdings may appoint one, or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. Calfrac Holdings may change any Paying Agent or Registrar without prior notice to any Holder. Calfrac Holdings shall promptly notify the Trustee in writing of the name and address of any Agent who is not a party to this Indenture. If Calfrac Holdings fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. Calfrac or any of its Restricted Subsidiaries may act as Paying Agent or Registrar.

(b) Calfrac Holdings initially appoints DTC to act as Depositary with respect to the Global Notes.

(c) Calfrac Holdings initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Custodian with respect to the Global Notes.

Section 2.05 *Paying Agent to Hold Money in Trust.*

Calfrac Holdings shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium, if any, or interest on the Notes, and shall notify the Trustee of any default by Calfrac Holdings in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee, Calfrac Holdings at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the

Trustee, the Paying Agent (if other than Calfrac or one of its Restricted Subsidiaries) shall have no further liability for the money. If Calfrac or one of its Restricted Subsidiaries acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to Calfrac or any of its Restricted Subsidiaries, the Trustee shall serve as Paying Agent for the Notes.

Section 2.06 *Holder Lists.*

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, Calfrac Holdings shall furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes.

Section 2.07 *Transfer and Exchange.*

(a) *Transfer and Exchange of Global Notes*. A Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes shall be exchanged by Calfrac Holdings for Definitive Notes if (i) the Depositary notifies Calfrac Holdings that it (A) is unwilling or unable to continue to act as Depositary for the Global Notes or (B) has ceased to be a clearing agency registered under the Exchange Act and, in either case, Calfrac Holdings fails to appoint a successor Depositary within 90 days after receiving such notice; (ii) Calfrac Holdings, at its option, notifies the Trustee in writing that it elects to cause the issuance of Definitive Notes in exchange for Global Notes (in whole but not in part); *provided* that in no event shall the Regulation S Global Note be exchanged by Calfrac Holdings for Definitive Notes other than in accordance with Section 2.07(c)(ii); or (iii) upon request of the Depositary or a Beneficial Owner (acting through any applicable Participant or Indirect Participant and the Depositary in accordance with customary procedures), there shall have occurred and be continuing a Default or Event of Default with respect to the Notes. Upon the occurrence of any of the preceding events in clause (i), (ii) or (iii) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Section 2.08 and Section 2.11 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.07 or Section 2.08 or Section 2.11 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.07(a); however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.07(b), (c) or (f) hereof.

(b) *Transfer and Exchange of Beneficial Interests in the Global Notes*. The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also

shall require compliance with either clause (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(i) *Transfer of Beneficial Interests in the Same Global Note*. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; *provided, however*, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.07(b)(i).

(ii) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes*. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.07(b)(i), the transferor of such beneficial interest must deliver to the Registrar either (A) both (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or (B) both (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above; *provided* that in no event shall Definitive Notes be issued upon the transfer or exchange of beneficial interests in the Regulation S Global Note other than in accordance with Section 2.07(c)(ii).

Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount at maturity of the relevant Global Notes pursuant to Section 2.07(h).

(iii) *Transfer of Beneficial Interests to Another Restricted Global Note*. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.07(b)(ii) and the Registrar receives the following:

(A) if the transferee shall take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B, including the certifications in item (1) thereof; and

(B) if the transferee shall take delivery in the form of a beneficial interest in a Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B, including the certifications in item (2) thereof.

(iv) *Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note*. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.07(b)(ii) and:

(A) the Registrar receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C, including the certifications in item (l)(a) thereof; or

(2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B, including the certifications in item (4) thereof;

and, in each such case set forth in this clause (A), if the Registrar or Calfrac Holdings so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar and Calfrac Holdings to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to clause (A) above at a time when an Unrestricted Global Note has not yet been issued, Calfrac Holdings shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to clause (D) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) *Transfer or Exchange of Beneficial Interests for Definitive Notes*.

(i) *Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes*. If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a

Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in clause (B) through (D) above, a certificate to the effect set forth in Exhibit B, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable; or

(F) if such beneficial interest is being transferred to Calfrac Holdings or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B, including the certifications in item (3)(a) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.07(h) hereof, and Calfrac Holdings shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.07(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.07(c)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) *Beneficial interests in Regulation S Global Note to Definitive Notes*. Notwithstanding Sections 2.07(c)(i)(A) and (C), a beneficial interest in the Regulation S Global Note may not be exchanged for a Definitive Note or transferred to a Person who takes delivery thereof in the form of a Definitive Note unless (x) if such exchange or transfer is made prior to the expiration of the Restricted Period, such Definitive Note will not be issued to, or for the account or benefit of, any U.S. Person, (y) such exchange or transfer is made after the expiration of the Restricted Period or (z) in the case of a transfer, such transfer is made pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(iii) *Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes*. A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if:

(A) the Registrar receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C, including the certifications in item (1)(b) thereof; or

(2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B, including the certifications in item (4) thereof;

and, in each such case set forth in clause (A), if the Registrar or Calfrac Holdings so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar and Calfrac Holdings to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iv) *Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes*. If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.07(b)(ii) the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.07(h) and Calfrac Holdings shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.07(c)(iv) shall be registered in such name or names and in such authorized denomination or denominations as the holder of

such beneficial interest shall instruct the Registrar through instructions from or through the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.07(c)(iv) shall not bear the Private Placement Legend.

(d) *Transfer and Exchange of Definitive Notes for Beneficial Interests*.

(i) *Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes*. If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an "offshore transaction" in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B, including the certifications in item (2) thereof; or

(D) if such Restricted Definitive Note is being transferred to Calfrac Holdings or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B, including the certifications in item (3)(a) thereof,

the Trustee shall cancel the Restricted Definitive Note, and increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of clause (B) above, the l44A Global Note, and in the case of clause (C) above, the Regulation S Global Note.

(ii) *Restricted Definitive Notes to Beneficial Interests in Unrestricted Global, Notes*. A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(A) the Registrar receives the following;

(1) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in the Unrestricted Global Note, a

certificate from such Holder in the form of Exhibit C, including the certifications in item (l)(c) thereof; or

(2) if the Holder of such Restricted Definitive Note proposes to transfer such Note to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B, including the certifications in item (4) thereof;

and, in each such case set forth in clause (A), if the Registrar or Calfrac Holdings so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar and Calfrac Holdings to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.07(d)(ii), the Trustee shall cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(iii) *Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes*. A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Unrestricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to clauses (ii)(D) or (iii) above at a time when an Unrestricted Global Note has not yet been issued, Calfrac Holdings shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) *Transfer and Exchange of Definitive Notes for Definitive Notes*. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.07(e), the Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.07(e).

(i) *Restricted Definitive Notes to Restricted Definitive Notes*. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer shall be made pursuant to Rule 144A under the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B, including the certifications in item (2) thereof; and

(C) if the transfer shall be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(ii) *Restricted Definitive Notes to Unrestricted Definitive Notes*. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if:

(A) the Registrar receives the following:

(1) if the Holder of such Restricted Definitive Note proposes to exchange such Note for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C, including the certifications in item (l)(d) thereof; or

(2) if the Holder of such Restricted Definitive Note proposes to transfer such Note to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B, including the certifications in item (4) thereof;

and, in each such case set forth in clause (A), if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iii) *Unrestricted Definitive Notes to Unrestricted Definitive Notes*. A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) [Reserved].

(g) *Legends.* The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(i) *Private Placement Legend*.

(1) Except as permitted in clause (2) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH CALFRAC HOLDINGS LP (THE "ISSUER") OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

(2) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to clause (b)(iv), (c)(iii), (c)(iv), (d)(ii), (d)(iii), (e)(ii) or (e)(iii) to this Section 2.07 (and all Notes issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(ii) *Global Note Legend*. Each Global Note shall bear a legend in substantially the following form:

THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.07 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.07(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.12 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

(iii) *Canadian Private Placement Legend*. So long as Calfrac Holdings is not a reporting issuer in Canada, the following legend is prescribed by applicable Canadian securities legislation and applies to trades in the Notes involving Persons in Canada (the immediately following legend, the "*Canadian Private Placement Legend*"):

UNLESS PERMITTED UNDER APPLICABLE SECURITIES LEGISLATION IN CANADA, THE HOLDER OF THIS NOTE MUST NOT TRADE THIS NOTE IN CANADA BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF: (A) MAY 30, 2018, AND (B) THE DATE THE COMPANY BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

(h) *Cancellation and/or Adjustment of Global Notes*. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned

to or retained and canceled by the Trustee in accordance with Section 2.12 hereof. At any time prior to such cancellation, if any beneficial interest in Global Note is exchanged for or transferred to a Person who shall take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal. amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who shall take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) *General Provisions Relating to Transfers and Exchanges*.

(i) To permit registrations of transfers and exchanges, Calfrac Holdings shall execute and the Trustee shall authenticate Global Notes and Definitive Notes upon the receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar's request.

(ii) No service charge shall be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but Calfrac Holdings may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.11, 3.06, 3.08, 4.10, 4.13 and 9.05).

(iii) The Registrar shall not be required to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(iv) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes shall be the valid and legally binding obligations of Calfrac Holdings, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(v) Neither the Registrar nor Calfrac Holdings shall be required (A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of Notes to be redeemed, (B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part, (C) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date or (D) to register the transfer of or to exchange a Note tendered and not withdrawn in connection with a Change of Control Offer or an Asset Sale Offer.

(vi) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and Calfrac Holdings may deem and treat the Person in whose name any Note

is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or Calfrac Holdings shall be affected by notice to the contrary.

(vii) The Trustee shall authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02.

(viii) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.07 to effect a registration of transfer or exchange may be submitted by facsimile and may be transmitted electronically.

(ix) The Holder transferring or exchanging the Notes shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including, without limitation, any cost basis reporting obligations under Section 6045 of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*"). The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(x) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Depositary Participants or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(xi) Neither the Trustee nor any Agent shall have any responsibility or liability for any actions taken or not taken by the Depositary.

Section 2.08 *Replacement Notes.*

(a) If any mutilated Note is surrendered to the Trustee or Calfrac Holdings and, the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, Calfrac Holdings shall issue and the Trustee, upon receipt of an Authentication Order, shall authenticate a replacement Note if the Trustee's requirements are met. An indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and Calfrac Holdings to protect Calfrac Holdings, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. Calfrac Holdings and the Trustee may charge for its expenses in replacing a Note.

(b) Every replacement Note is an additional obligation of Calfrac Holdings and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.09 *Outstanding Notes.*

(a) The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section as not outstanding, Except as set forth in Section 2.10, a Note does not cease to be outstanding because Calfrac or an Affiliate of Calfrac holds the Note; however, Notes held by Calfrac or an Affiliate of Calfrac shall not be deemed to be outstanding for purposes of Section 3.07(b).

(b) If a Note is replaced pursuant to Section 2.08, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser or protected purchaser.

(c) If the principal amount of any Note is considered paid under Section 4.01, it ceases to be outstanding and interest on it ceases to accrue.

(d) If the Paying Agent (other than Calfrac or a Restricted Subsidiary of Calfrac) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

Section 2.10 *Treasury Notes.*

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by Calfrac Holdings or any Guarantor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with Calfrac Holdings or any Guarantor shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in conclusively relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded.

Section 2.11 *Temporary Notes.*

(a) Until certificates representing Notes are ready for delivery, Calfrac Holdings may prepare and the Trustee, upon receipt of an Authentication Order, shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of Definitive Notes but may have variations that Calfrac. Holdings considers appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, Calfrac Holdings shall prepare and the Trustee shall authenticate definitive Notes in exchange for temporary Notes.

(b) Holders of temporary Notes shall be entitled to all of the benefits of this Indenture.

Section 2.12 *Cancellation.*

Calfrac Holdings at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee, and no one else, shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall dispose of canceled Notes in accordance with its procedures for the disposition of canceled securities in effect as of the date of such disposition (subject to the record retention requirement of the Exchange Act). Evidence of the disposition of all canceled Notes shall be delivered to Calfrac Holdings upon Calfrac Holdings' written request. Calfrac Holdings may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.13 *Calculation of Interest; Computation of Interest.*

Interest on the Notes shall be calculated in accordance with the provisions set forth in the Note. In addition, interest on the Notes shall be computed on the basis of a 360-day year comprised of twelve 30-day months, and interest on the Notes for any partial period shall be computed on the basis of a 360-day year of twelve 30-day months and the number of days elapsed in any partial month. If an interest payment falls on a day that is not a Business Day, the interest payment to be made on such interest payment date will be made on the next succeeding Business Day with the same force and effect as if made on such payment date, and no additional interest will accrue as a result of such delayed payment.

Section 2.14 *Interest Act (Canada)*

Solely for the purpose of providing the disclosure required by the *Interest Act* (Canada), if applicable, the annual rate of interest that is equivalent to the rate payable on the Notes shall be the rate payable multiplied by the actual number of days in the year divided by 360.

Section 2.15 *Defaulted Interest.*

If Calfrac Holdings defaults in a payment of interest on the Notes, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01. Calfrac Holdings shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. Calfrac Holdings shall fix or cause to be fixed each such special record date and payment date, *provided* that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, Calfrac Holdings (or, upon the written request of Calfrac Holdings, the Trustee in the name and at the expense of Calfrac Holdings) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.16 *CUSIP, Common Code; and ISIN Numbers.*

Calfrac Holdings in issuing the Notes may use "CUSIP," "Common Code" and "ISIN" numbers (if then generally in use) in addition to the other identification numbers printed on the Notes, and, if so,

the Trustee shall use "CUSIP," "Common Code" and "ISIN" numbers in notices of redemption or repurchase, as the case may be, as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption or repurchase, as the case may be, and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption or repurchase, as the case may be, shall not be affected by any defect in or omission of such numbers. Calfrac Holdings shall promptly notify the Trustee of any change in the "CUSIP," "Common Code" and "lSIN" numbers applicable to any Notes.

Article III

REDEMPTION AND OFFERS TO PURCHASE

Section 3.01 *Notices to Trustee.*

If Calfrac Holdings elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 or Section 3.09, it shall furnish to the Trustee, at least 15 days but not more than 60 days before a redemption date, an Officers' Certificate setting forth (i) the clause of this Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of Notes to be redeemed and (iv) the redemption price.

Section 3.02 *Selection of Notes to Be Redeemed.*

(a) If less than all of the Notes are to be redeemed or purchased in an offer to purchase at any time, the Trustee shall select the Notes to be redeemed or purchased among the Holders of the Notes as follows: (i) in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed, (ii) if the Notes are not so listed, on a pro rata basis, by lot or in accordance with any other method the Trustee shall deem fair and appropriate, or (iii) if the Notes are issued in global form based on the method required by DTC, or, a method that most nearly approximates a pro rata selection as the Trustee deems appropriate. In the event of partial redemption or purchase by lot, the particular Notes to be redeemed or purchased shall be selected, unless otherwise provided herein, not less than 30 nor more than 60 days prior to the redemption date by the Trustee from the outstanding Notes not previously called for redemption or purchase.

(b) The Trustee shall promptly notify Calfrac Holdings in writing of the Notes selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount at maturity thereof to be redeemed or purchased. No Notes in amounts of US$2,000 or less shall be redeemed or purchased in part. Notes and portions of Notes selected shall be in amounts of US$2,000 and integral multiples of US$1,000 in excess thereof; except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder, even if not a multiple of US$1,000, shall be redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

Section 3.03 *Notice of Redemption.*

(a) At least 15 days but not more than 60 days before a redemption date, Calfrac Holdings shall mail or cause to be mailed, by first class mail, or electronic transmission for global notes, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture.

The notice shall identify the Notes to be redeemed (including CUSIP numbers) and shall state:

(i) the redemption date;

(ii) the redemption price;

(iii) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion of the original Note shall be issued in the name of the Holder thereof upon cancellation of the original Note;

(iv) the name and address of the Paying Agent;

(v) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price and become due on the date fixed for redemption;

(vi) that, unless Calfrac Holdings defaults in making such redemption payment, or any condition to such redemption is not satisfied interest, if any, on Notes called for redemption ceases to accrue on and after the redemption date;

(vii) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed;

(viii) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes; and

(ix) any conditions that must be satisfied prior to Calfrac Holdings becoming obligated to consummate such redemption, together with provisions for notices to the Trustee and the Holders, respectively, regarding Calfrac Holdings' determination of whether or not all such conditions were timely and satisfactorily met.

(b) At Calfrac Holdings' request, the Trustee shall give the notice of redemption in Calfrac Holdings' name and at Calfrac Holdings' expense; *provided, however*, that Calfrac Holdings shall have delivered to the Trustee, at least 30 days prior to the redemption date (or such shorter period of time as may be acceptable to the Trustee), an Officers' Certificate requesting that the Trustee give such notice

together with the notice to be given setting forth the information to be stated in such notice as provided in the preceding paragraph.

Section 3.04 *Effect of Notice of Redemption.*

Except as provided below, once notice of redemption is mailed (or delivered) in accordance with Section 3.03 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. Interest, if any, on Notes called for redemption ceases to accrue on and after the redemption date, unless Calfrac Holdings defaults in payment of the redemption price on such date or any conditions precedent are not satisfied. Notwithstanding the foregoing, notice of any redemption may, at Calfrac Holdings' discretion, be subject to one or more conditions precedent, including, but not limited to, completion of an Equity Offering, Asset Sale, other offering or other transaction or event. If such redemption is subject to the satisfaction of one or more conditions precedent, such notice shall describe each such condition and, if applicable, shall state such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date or that such redemption may be postponed to another date (including more than 60 days after the date on which such notice was sent) selected by Calfrac Holdings. In addition, Calfrac Holdings may provide in any notice of redemption or offer to purchase the notes that payment of the redemption or purchase price and performance of Calfrac Holdings' obligations with respect to such redemption or offer to purchase may be performed by another Person.

Section 3.05 *Deposit of Redemption Price.*

(a) Prior to 10:00 a.m. Eastern time on the redemption or purchase date, Calfrac Holdings shall deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption or purchase price of and accrued and unpaid interest on all Notes to be redeemed or purchased on that date. The Trustee or the Paying Agent shall promptly return to Calfrac Holdings any money deposited with the Trustee or the Paying Agent by Calfrac Holdings in excess of the amounts necessary to pay the redemption price of and accrued and unpaid interest on all Notes to be redeemed or purchased.

(b) If Calfrac Holdings complies with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest shall cease to accrue on the Notes or the portions of Notes called for redemption or purchase. If a Note is redeemed or purchased on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption or purchase shall not be so paid upon surrender for redemption or purchase because of the failure of Calfrac Holdings to comply with the preceding paragraph, interest shall be paid on the unpaid principal from the redemption or purchase date until such principal is paid and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01.

Section 3.06 *Notes Redeemed in Part.*

Upon cancellation of a Note that is redeemed or purchased in part, Calfrac Holdings shall issue and, upon receipt of an Authentication Order, the Trustee shall authenticate for the Holder at the expense of Calfrac Holdings a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered.

Section 3.07 *Optional Redemption.*

(a) Except as set forth in clauses (b) and (c) of this Section 3.07 and in Sections 3.09 and 3.10, Calfrac Holdings shall not have the option to redeem the Notes pursuant to this Section 3.07 prior to June 15, 2021. On or after June 15, 2021, Calfrac Holdings may redeem the Notes in whole or part, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest to the applicable redemption date, if redeemed during the twelve-month period beginning on June 15 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2021	106.375%
2022	104.250%
2023	102.125%
2024 and thereafter	100.000%

(b) At any time prior to June 15, 2021, Calfrac Holdings may, on one or more occasions, redeem up to 35% of the aggregate principal amount of Notes issued under this Indenture (including any Additional Notes) at a redemption price of 108.50% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date, with the net cash proceeds of one or more Equity Offerings; *provided* that (1) at least 65% of the aggregate principal amount of Notes issued under this Indenture (including any Additional Notes) remain outstanding immediately after the occurrence of such redemption (excluding Notes held by Calfrac or its Affiliates); and (2) the redemption must occur within 90 days of the date of the closing of such Equity Offering.

(c) At any time prior to June 15, 2021, Calfrac Holdings may redeem the Notes in whole or in part, at 100.0% of the principal amount of the Notes redeemed plus the Make-Whole Premium, plus accrued and unpaid interest to the redemption date subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date. "*Make-Whole Premium*" with respect to a Note means the greater of:

(1) 1.0% of the principal amount of such Note; and

(2) the excess, if any, of:

(i) the present value of the remaining interest, premium, if any, and principal payments due on such Note as if such Note were redeemed on June 15, 2021 (excluding accrued and unpaid interest to such redemption date) computed using a discount rate equal to the Treasury Rate plus 50 basis points, over

(ii) the outstanding principal amount of such Note.

"*Treasury Rate*" means the yield to maturity at the time of the computation of United States Treasury securities with a constant maturity (as compiled by and published in the; most recent Federal Reserve Statistical Release H.15(519), which has become publicly available at least two Business Days prior to the date of the redemption notice or, if such Statistical Release is no longer published, any publicly available source of similar market date) most nearly equal to the then remaining maturity of the Notes assuming redemption of the Notes on June 15, 2021; *provided*, *however*, that if the Make-Whole Average Life of such Note is not equal to the constant maturity of the United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the Make-Whole Average Life of such Notes is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used. "*Make-Whole Average Life*" means the number of years (calculated to the nearest one-twelfth) between the date of redemption and June 15, 2021.

(d) Any redemption pursuant to this Section 3.07 or Section 3.09 shall be made in accordance with the provisions of Section 3.01 through Section 3.06.

Section 3.08 *Repurchase Offers.*

In the event that, pursuant to Section 4.10 or Section 4.13, Calfrac Holdings shall be require to commence an offer to all Holders to purchase all or a portion of their respective Notes (a "*Repurchase Offer*"), it shall follow the procedures specified in such Sections and, to the extent not inconsistent therewith, the procedures specified below.

The Repurchase Offer shall remain open for a period of no less than 30 days and no more than 60 days following its commencement, except to the extent that a longer period is required by applicable law (the "*Offer Period*"). No later than three Business Days after the termination of the Offer Period (the "*Purchase Date*"), Calfrac Holdings shall purchase the principal amount of Notes required to be purchased pursuant to Section 4.10 or Section 4.13 hereof (the "*Offer Amount*") or, if less than the Offer Amount has been tendered, all Notes tendered in response to the Repurchase Offer. Payment for any Notes so purchased shall be made in the same manner as interest payments are made.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest shall be paid to the Person in whose name a Note is registered at the close of business on such interest record date, and no additional interest shall be payable to Holders who tender Notes pursuant to the Repurchase Offer.

Upon the commencement of a Repurchase Offer, Calfrac Holdings shall send, by first class mail, or electronically for global notes a notice to the Trustee and each of the Holders. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Repurchase Offer. The Repurchase Offer shall be made to all Holders. The notice, which shall govern the terms of the Repurchase Offer, shall state:

(i) that the Repurchase Offer is being made pursuant to this Section 3.08 and Section 4.10 or Section 4.13 hereof, as the case may be, and the length of time the Repurchase Offer shall remain open;

(ii) the Offer Amount, the purchase price and the Purchase Date;

(iii) that any Note not tendered or accepted for payment shall continue to accrue interest;

(iv) that, unless Calfrac Holdings defaults in making such payment, any Note (or portion thereof) accepted for payment pursuant to the Repurchase Offer shall cease to accrue interest after the Purchase Date;

(v) that Holders electing to have a Note purchased pursuant to a Repurchase Offer may elect to have Notes purchased equal to US$2,000 and integral multiples of US$1,000 in excess thereof only;

(vi) that Holders electing to have a Note purchased pursuant to any Repurchase Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, or transfer by book-entry transfer, to Calfrac Holdings, the Depositary, if appointed by Calfrac Holdings, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(vii) that Holders shall be entitled to withdraw their election if Calfrac Holdings, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(viii) that, if the aggregate principle amount of Notes surrendered by Holders exceeds the Offer Amount, the Trustee shall select the Notes to be purchased on a pro rata basis (with such adjustments as may be deemed appropriate by the Trustee so that only Notes in denominations of US$2,000, or and integral multiples of US$1,000 in excess thereof, shall be purchased); and

(ix) that Holders whose Notes were purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On the Purchase Date, Calfrac Holdings shall, to the extent lawful, accept for payment on a pro rata basis to the extent necessary, the Offer Amount of Notes (or portions thereof) tendered pursuant to the Repurchase Offer, or if less than the Offer Amount has been tendered, all Notes tendered, and shall deliver to the Trustee an Officers' Certificate stating that such Notes (or portions thereof) were accepted for payment by Calfrac Holdings in accordance with the terms of this Section 3.08. Calfrac Holdings, the Depositary or the Paying Agent, as the case may be, shall promptly (but in any case not later than three days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of Notes tendered by such Holder, as the case may be, and accepted by Calfrac Holdings for purchase, and Calfrac Holdings shall promptly issue a new Note. The Trustee, upon written request from Calfrac Holdings shall authenticate and mail or deliver such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered by Calfrac Holdings to the respective Holder thereof. Calfrac Holdings shall publicly announce the results of the Repurchase Offer on the Purchase Date.

Section 3.09 *Tax Redemption.*

(a) Calfrac Holdings may at any time, at its option, redeem, in whole but not in part, the outstanding Notes at a redemption price of 100% of the principal amount thereof plus accrued and unpaid interest to the date of redemption, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date, upon the occurrence of an event specified in clause (1) or clause (2) below that results in an obligation to pay any Additional Amounts or any Reimbursement Payments in respect of the Notes:

(1) any change in or amendment to the laws (or regulations promulgated thereunder, rulings, technical interpretations, interpretation bulletins or information circulars) of any Taxing Authority, or

(2) any change in or amendment to any official position regarding the application, administration or interpretation of such laws, regulations, rulings, technical interpretation, interpretation bulletins or information circulars (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment is announced or is effective on or after the Issue Date (without regard to whether any Guarantor is or has been making any payments under the Notes prior to, at or after the time such change or amendment is announced or effective).

(b) It shall be a condition to Calfrac Holdings' right to redeem the Notes pursuant to the provisions set forth in the immediately preceding paragraph that, prior to giving any notice of redemption of the notes, Calfrac Holdings shall have delivered to the Trustee (a) an Officers' Certificate stating that Calfrac Holdings has determined in its reasonable judgment that the obligations to pay such Additional Amounts or Reimbursement Payments cannot be avoided by Calfrac Holdings taking reasonable measures available to it and (b) an Opinion of Counsel that the circumstances described in the immediately preceding paragraph exist.

(c) No such notice of redemption may be given more than 90 days before or more than 365 days after the occurrence of the event that gives rise to an obligation to pay any Additional Amounts or any Reimbursement Payments (or, if later, the earlier of the date on which the Person obligated to make such payments first becomes aware of such obligation or the date on which it reasonably should have become aware of such obligation to pay any Additional Amounts or Reimbursement Payments) as a result of a change or amendment described above.

Section 3.10 *Special Asset Sale Redemption.*

(a) At any time prior to December 15, 2019, Calfrac Holdings may redeem up to 10% of the aggregate principal amount of the Notes (including any Additional Notes) at a redemption price of 108.50% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date, with the net cash proceeds of one or more Asset Sales; provided that the redemption must occur within 90 days of the receipt of proceeds in connection with such Asset Sale.

(b) Unless Calfrac Holdings defaults in the payment of the redemption price, interest will cease to accrue on the notes or portions thereof called for redemption on the applicable redemption date.

Article IV

COVENANTS

Section 4.01 *Payment of Notes.*

(a) Calfrac Holdings shall pay or cause to be paid the principal of, premium, if any, and interest on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest shall be considered paid on the date due if the Paying Agent, where not Calfrac or one of Calfrac's Restricted Subsidiaries, holds, as of 10:00 a.m. Eastern time on the due date, money deposited by Calfrac Holdings in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due.

(b) Calfrac Holdings shall pay interest on overdue principal at the rate specified therefor in the Notes, and it shall pay interest on overdue installments of interest at the same rate borne by the Notes to the extent lawful.

Section 4.02 *Maintenance of Office or Agency.*

(a) Calfrac Holdings shall maintain an office or agency (which may be an office of the Trustee or Registrar or agent of the Trustee or Registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon Calfrac Holdings in respect of the Notes and this Indenture may be served. Calfrac Holdings shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time Calfrac Holdings shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the

address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

(b) Calfrac Holdings may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. Calfrac Holdings shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

(c) Calfrac Holdings hereby designates the Corporate Trust Office of the Trustee as one such office or agency of Calfrac Holdings in accordance with Section 2.04.

Section 4.03 *Provision of Financial Information.*

(a) Calfrac shall furnish to the Trustee, and upon request, to each Holder of Notes, within the time periods specified in the SEC's rules and regulations applicable to a foreign private issuer subject to the Multijurisdictional Disclosure System:

(1) all quarterly and annual reports applicable to a foreign private issuer subject to the Multijurisdictional Disclosure System which would be required to be filed with the SEC if Calfrac were required to so file such reports; and

(2) all material change reports applicable to a foreign private issuer subject to the Multijurisdictional Disclosure System which would be required to be filed with the SEC if Calfrac were required to so file such reports.

Each annual report shall include a report on Calfrac's consolidated financial statements by Calfrac's certified independent accountants.

(b) Calfrac shall post the reports referred to in clause (a) above, at its option, either on www.sedar.com or on Calfrac's website, within the time periods applicable to a foreign private issuer subject to the Multijurisdictional Disclosure System that would apply if Calfrac were required to so file those reports with the SEC; *provided*, clause (a) above Calfrac shall in any event continue to provide copies of such reports to the Trustee, and, upon request, to each Holder of Notes as above provided. The Trustee shall have no responsibility to determine whether or not Calfrac has posted such reports. Within a reasonable time after Calfrac has actual knowledge of any change or discontinuance in either such website, or upon the request of the Trustee or any Holder, Calfrac shall furnish the Trustee and, if different, any other requesting Person, the change in address or notice of discontinuance of either such website.

(c) For so long as any Notes remain outstanding, at any time Calfrac is not required to file the reports required by clause (a) above, Calfrac shall furnish to the Holders and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(d) Solely by reason of the issuance of the Notes on the Issue Date, Calfrac is not, and shall not be, required to become, a reporting company under the Exchange Act. Calfrac is subject to filing and disclosure requirements under applicable Canadian securities laws. Calfrac is permitted under this Indenture to continue to prepare such filings in accordance with Canadian disclosure requirements.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such reports, information and documents shall not constitute constructive notice of any information contained therein (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

Section 4.04 *Compliance Certificate.*

Calfrac shall deliver to the Trustee, within 90 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of Calfrac and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether Calfrac Holdings, Calfrac and the other Subsidiaries of Calfrac have kept, observed, performed and fulfilled their respective obligations under this Indenture, and further stating, as to such Officers signing such certificate, that to the best of their knowledge, Calfrac Holdings, Calfrac and the other Subsidiaries of Calfrac have kept, observed, performed and fulfilled all of their respective obligations under this Indenture and are not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which they may have knowledge and what action Calfrac is taking or proposes to take with respect thereto) and that to their knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Calfrac Holdings, Calfrac or such Subsidiary of Calfrac is taking or proposes to take with respect thereto.

Section 4.05 *Corporate Existence; Taxes.*

(a) Subject to Article V hereof, Calfrac shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, and the corporate, partnership or other existence of each of its Restricted Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of Calfrac or any such Restricted Subsidiary; *provided*, *however*, (but in all respects subject to Article V hereof) that Calfrac shall not be required to preserve the existence of any of its Restricted Subsidiaries if its Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of Calfrac and its Restricted Subsidiaries, taken as a whole.

(b) Calfrac shall pay, and shall cause each of its Subsidiaries to pay, prior to delinquency, any taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

Section 4.06 *Stay, Extension and Usury Laws.*

Calfrac Holdings, Calfrac and each of the Guarantors covenant (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and Calfrac Holdings, Calfrac and each of the Guarantors (to the extent that it may lawfully do so) hereby expressly waive all benefit or advantage of any such law, and covenant that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07 *Restricted Payments.*

(a) Calfrac shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay (without duplication) any dividend or make any other payment or distribution on account of Calfrac's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger, consolidation or amalgamation of Calfrac or any of its Restricted Subsidiaries) or to the direct or indirect holders of Calfrac's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends, payments or distributions (x) payable in Equity Interests (other than Disqualified Stock) of Calfrac or (y) to Calfrac or a Restricted Subsidiary of Calfrac);

(2) purchase, redeem or otherwise acquire or retire for value any Equity Interests of Calfrac held by Persons other than any of Calfrac's Restricted Subsidiaries;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Indebtedness (other than intercompany Indebtedness permitted under clause (6) of Section 4.09(b)), except (x) a payment of interest or principal at the Stated Maturity thereof or (y) the purchase, repurchase or other acquisition of, any such Indebtedness in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such purchase, repurchase or other acquisition; or

(4) make any Restricted Investment;

(all such payments and other actions set forth in clauses (1) through (4) above being collectively, referred to as "*Restricted Payments*"), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and

(2) Calfrac would, after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to

Incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Fixed Charge Coverage Ratio test set forth in Section 4.09(a); and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Calfrac and its Restricted Subsidiaries after the Reference Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), (8) and (12) of Section 4.07(b), is less than the sum, without duplication, of:

(aa) 50% of the Consolidated Net Income of Calfrac for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing on the Reference Date to the end of Calfrac's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(bb) 100% of (A) (i) the aggregate net cash proceeds and (ii) the Fair Market Value of (x) marketable securities (other than marketable securities of Calfrac), (y) Capital Stock of a Person (other than Calfrac or an Affiliate of Calfrac) engaged in a Permitted Business and (z) other assets used in any Permitted Business, in the case of clauses (i) and (ii), received by Calfrac since the Reference Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of Calfrac (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of Calfrac that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of Calfrac), (B) the amount by which Indebtedness of Calfrac or any Restricted Subsidiary is reduced on Calfrac's consolidated balance sheet upon the conversion or exchange after the Reference Date of any such Indebtedness into or for Equity Interests (other than Disqualified Stock) of Calfrac, and (C) the aggregate net cash proceeds, if any, received by Calfrac or any of its Restricted Subsidiaries upon any conversion or exchange described in clause (A) or (B) above; *plus*

(cc) with respect to Restricted Investments made by Calfrac and its Restricted Subsidiaries after the Reference Date, an amount equal to the sum of (A) the net reduction in such Restricted Investments in any Person resulting from (i) repayments of loans or advances, or other transfers of assets, in each case to Calfrac or any Restricted Subsidiary, (ii) net cash proceeds from other repurchases, repayments or redemptions of such Restricted Investments, (iii) net cash proceeds from the sale of any such Restricted Investment or (iv) the release of any Guarantee (except to the extent any amounts are paid under such Guarantee), *plus* (B) all amounts representing the return of capital (excluding dividends and distributions) to Calfrac or any Restricted Subsidiary in respect of such Restricted Investment, *plus* (C) the initial amount of any Restricted Investment made in an entity that subsequently becomes a Restricted Subsidiary, *plus* (D) with respect to any Unrestricted Subsidiary that the Board of Directors of Calfrac redesignates as a Restricted Subsidiary, the Fair Market Value of the Investment in such Subsidiary

held by Calfrac or any of its Restricted Subsidiaries at the time of such redesignation; plus

(dd) US$50,000,000.

(b) Section 4.07(a) shall not prohibit, so long as, in the case of clauses (7), (11) and (12) of this Section 4.07(b), no Default has occurred and is continuing or would be caused thereby:

(1) the payment of any dividend or distribution or the making of any Restricted Payment in respect of Subordinated Indebtedness within 60 days after the date of declaration thereof or the giving of an irrevocable notice of redemption therefor, as the case may be, if at said date of declaration such payment would have complied with the provisions of this Indenture;

(2) the payment of any dividend or similar distribution by a Restricted Subsidiary of Calfrac to the holders of its Equity Interests on a pro rata basis;

(3) the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of Calfrac) of, Equity Interests of Calfrac (other than Disqualified Stock) or from the substantially concurrent contribution (other than by a Subsidiary of Calfrac) of capital to Calfrac in respect of its Equity Interests (other than Disqualified Stock); *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from Section 4.07(a)(3)(bb);

(4) the defeasance, redemption, repurchase, retirement or other acquisition of Subordinated Indebtedness with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness; *provided* that the amount of any such net cash proceeds that are utilized for any such defeasance, redemption, repurchase, retirement or other acquisition of Indebtedness will be excluded from Section 4.07(a)(3)(bb);

(5) Investments acquired as a capital contribution to, or in exchange for, or out of the net cash proceeds of a substantially concurrent sale (other than to a Subsidiary of Calfrac) of, Equity Interests (other than Disqualified Stock) of Calfrac; *provided*, that the amount of any such net cash proceeds that are utilized for any such acquisition or exchange will be excluded from Section 4.07(a)(3)(bb);

(6) the repurchase, redemption or other acquisition or retirement of Equity Interests deemed to occur upon the exercise or exchange of stock options, warrants or other similar rights to the extent such Equity Interests represent a portion of the exercise or exchange price of those stock options, and the repurchase, redemption or other acquisition or retirement of Equity Interests made in lieu of withholding, taxes resulting from the exercise or exchange of stock options, warrants or other similar rights;

(7) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of Calfrac held by any current or former officer, director or employee (or any of their respective heirs or estates or permitted transferees) of Calfrac or any Restricted Subsidiary of Calfrac pursuant to any employee equity subscription agreement, stock option agreement, stock matching program (without regard to the Calfrac Well Services Ltd. Employee Matching Investment Plan or any replacement plan that is substantially similar in scope and nature thereto, as amended from time to time), stockholders' agreement or similar agreement entered into in the ordinary course of business; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests in any calendar year will not exceed US$7,500,000 (with unused amounts in any calendar year being carried over to succeeding calendar years subject to a maximum of US$10,000,000 in any calendar year); *provided further* that such amount in any calendar year may be increased by an amount not to exceed (A) the cash proceeds received by Calfrac from the sale of Equity Interests (other than Disqualified Stock) of Calfrac to members of management or directors of Calfrac and its Restricted Subsidiaries that occurs after the Issue Date (to the extent the cash proceeds from the sale of such Equity Interests have not otherwise been applied to the payment of Restricted Payments by virtue of Section 4.07(a)(3)(bb)), *plus* (B) the cash proceeds of key man life insurance policies received by Calfrac and its Restricted Subsidiaries after the Issue Date, *less* (C) the amount of any Restricted Payments made pursuant to clauses (A) and (B) of this clause (7);

(8) dividends on Disqualified Stock issued in compliance with Section 4.09 to the extent such dividends are included in the definition of Consolidated Fixed Charges;

(9) the payment of cash in lieu of fractional Equity Interests in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of Calfrac Holdings, any of its Restricted Subsidiaries or any Parent Entity of Calfrac Holdings;

(10) payments or distributions to dissenting stockholders pursuant to applicable law in connection with a merger, consolidation or transfer of assets that complies with Article V;

(11) the repurchase, redemption or other acquisition or retirement for value of any Indebtedness pursuant to provisions in documentation governing such Indebtedness similar to those described under Section 4.13; *provided* that, prior to such repurchase, redemption or other acquisition or retirement, Calfrac Holdings (or a third party to the extent permitted by this Indenture) shall have made a Change of Control Offer with respect to the Notes and shall have repurchased all Notes validly tendered and not withdrawn in connection with such Change of Control Offer; and

(12) other Restricted Payments in an aggregate amount at any one time outstanding not to exceed US$20,000,000.

(c) In determining whether any Restricted Payment is permitted by this Section 4.07, Calfrac may allocate or reallocate all or any portion of such Restricted Payment among the clauses of Section 4.07(b) or among such clauses and the provisions of Section 4.07(a), *provided* that at the time of such allocation or reallocation, all such Restricted Payments, or allocated portions thereof, would be permitted under the various provisions of this Section 4.07.

(d) The amount of all Restricted Payments will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by Calfrac or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities (other than cash or Cash Equivalents) that are required to be valued by this Section 4.07 shall be determined, in the case of amounts under US$25,000,000 pursuant to an Officers' Certificate delivered to the Trustee and, in the case of amounts over US$25,000,000, by the Board of Directors of Calfrac, whose resolution shall be evidenced by a Board Resolution that shall be delivered to the Trustee.

(e) For the avoidance of doubt, this Section 4.07 shall not restrict the making of any "AHYDO catch-up payment" with respect to, and required by the terms of, any Indebtedness of Calfrac or any of its Restricted Subsidiaries permitted to be incurred under this Indenture.

Section 4.08 *Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.*

(a) Calfrac shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock (or with respect to any other interest or participation in, or measured by, its profits) to Calfrac or any of its Restricted Subsidiaries or pay any liabilities owed to Calfrac or any of its Restricted Subsidiaries (it being understood that the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on any other Capital Stock shall not be deemed a restriction on the ability to pay any dividends or make any other distributions;

(2) make loans or advances to Calfrac or any of its Restricted Subsidiaries; or

(3) transfer any of its properties or assets to Calfrac or any of its Restricted Subsidiaries.

(b) However, the preceding restrictions in Section 4.08(a) shall not apply to encumbrances or restrictions:

(1) existing under, by reason of or with respect to any Credit Facility, Existing Indebtedness, Capital Stock or any other agreements or instruments in effect on the Issue Date and any amendments, modifications, restatements, renewals, extensions, supplements, refundings, replacements or refinancings thereof, *provided* that the encumbrances and restrictions in

any such amendments, modifications, restatements, renewals, increases, extensions, supplements, refundings, replacement or refinancings are, in the reasonable good faith judgment of the Chief Executive Officer and the Chief Financial Officer of Calfrac, no more restrictive, taken as a whole, than those contained in the Credit Agreement, Existing Indebtedness, Capital Stock or such other agreements or instruments, as the case may be, as in effect on the Issue Date;

(2) set forth in this Indenture, the Notes, the Parent Guarantee and the Subsidiary Guarantees or contained in any other instrument relating to any such Indebtedness so long as the Board of Directors of Calfrac determines that such encumbrances or restrictions are no more restrictive in the aggregate than those contained in this Indenture;

(3) existing under, by reason of or with respect to applicable law, rule, regulation or order;

(4) with respect to any Person or the property or assets of a Person acquired by Calfrac or any of its Restricted Subsidiaries existing at the time of such acquisition and not incurred in connection with, or in contemplation of, such acquisition, which encumbrance or restriction is not applicable to any Person or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired and any amendments, modifications, restatements, renewals, increases, extensions, supplements, refundings, replacements or refinancings thereof; *provided* that the encumbrances and restrictions in any such amendments, modifications, restatements, renewals, increases, extensions, supplements, refundings, replacement or refinancings are, in the reasonable good faith judgment of the Chief Executive Officer and the Chief Financial Officer of Calfrac, no more restrictive, taken as a whole, than those in effect on the date of the acquisition;

(5) in the case of clause (3) of Section 4.08(a):

(a) that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract or similar property or asset;

(b) existing by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of Calfrac or any Restricted Subsidiary thereof not otherwise prohibited by this Indenture;

(c) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations, in each case which impose restrictions on the property so acquired;

(d) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements entered into with the approval of Calfrac's Board of Directors or in the ordinary course of business, which limitation is applicable only to the assets that are the subject of such agreements;

(e) any instrument governing secured Indebtedness to the extent such restriction only affects the property that secures such Indebtedness pursuant to the Indebtedness Incurred and Liens granted in compliance with this Indenture; and

(f) arising or agreed to in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of Calfrac or any Restricted Subsidiary thereof in any manner material to Calfrac or any Restricted Subsidiary thereof;

(6) existing under, by reason of or with respect to any agreement for the sale or other disposition of all or substantially all of the Capital Stock of, or property and assets of, a Restricted Subsidiary that restrict distributions, loans or advances by that Restricted Subsidiary or transfers of such Capital Stock, property or assets pending such sale or other disposition;

(7) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness do not add any restriction that is prohibited by clauses (1) through (3) of Section 4.08(a) and otherwise are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(8) Liens permitted to be incurred under the provisions of Section 4.12 that limit the right of the debtor to dispose of the assets subject to such Liens;

(9) encumbrances or restrictions contained in agreements entered into in connection with Hedging Obligations permitted from time to time under this Indenture; and

(10) existing under restrictions on cash or other deposits or net worth imposed by customers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business.

Section 4.09 *Incurrence of Indebtedness.*

(a) Calfrac shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Debt); *provided*, *however*, that Calfrac, Calfrac Holdings or any Restricted Subsidiary may Incur Indebtedness (including Acquired Debt), if the Consolidated Fixed Charge Coverage Ratio for Calfrac's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred would have been at least 2.00 to 1.00, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been Incurred at the beginning of such four-quarter period.

(b) Section 4.09(a) shall not prohibit the Incurrence of any of the following items of Indebtedness (collectively "*Permitted Debt*"):

(1) the Incurrence by Calfrac, Calfrac Holdings or any Subsidiary Guarantor of Indebtedness under Credit Facilities (including, without limitation, the Incurrence by Calfrac, Calfrac Holdings and the Subsidiary Guarantors of Guarantees thereof) in an aggregate amount at any one time outstanding pursuant to this clause (1) not to exceed a maximum amount equal to the greater of (a) $375,000,000 or (b) 30.0% of the Consolidated Tangible Assets of Calfrac (determined as of the date of the most recent available quarterly or annual balance sheet of Calfrac after giving pro forma effect to such incurrence and the application of the proceeds therefrom) *plus* all interest, fees and other obligations thereunder and any Guarantees thereof; *provided, however*, that the maximum amount permitted to be outstanding under this clause (1) shall not be deemed to limit additional Indebtedness under the Credit Facilities to the extent the Incurrence of such additional Indebtedness is permitted pursuant to any of the other provisions of this Section 4.09;

(2) the Incurrence of Existing Indebtedness;

(3) the Incurrence by Calfrac Holdings and the Guarantors of Indebtedness represented by the Notes, the Parent Guarantee and the Subsidiary Guarantees, in each case, issued on the Issue Date;

(4) the Incurrence by Calfrac or any Restricted Subsidiary of Calfrac of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, Incurred for the purpose of financing all or any part of the purchase price or cost of construction, installation, improvement, deployment, refurbishment, modification or lease of property, plant or equipment or furniture, fixtures and equipment, in each case used in the business of Calfrac or such Restricted Subsidiary, (in each case whether through the direct purchase of such assets or the Equity Interests of any person owning such assets) in an aggregate amount, including all Permitted Refinancing Indebtedness Incurred to refund, refinance, replace, defease or discharge any Indebtedness Incurred pursuant to this clause (4), not to exceed the greater of (a) US$50,000,000 at any time outstanding or (b) 5.0% of Consolidated Tangible Assets of Calfrac (determined as of the date of the most recent available quarterly or annual balance sheet of Calfrac after giving pro forma effect to such incurrence and the application of the proceeds therefrom);

(5) the Incurrence by Calfrac or any Restricted Subsidiary of Calfrac of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance, replace, defease or discharge Indebtedness (other than intercompany Indebtedness) that was permitted to be Incurred under Section 4.09(a) or clauses (2), (3), (4), (5), (13) or (14) of this Section 4.09(b);

(6) the Incurrence by Calfrac or any of its Restricted Subsidiaries of intercompany Indebtedness owing to and held by Calfrac or any of its Restricted Subsidiaries; *provided, however*, that:

(a) if Calfrac, Calfrac Holdings or any Guarantor is the obligor on such Indebtedness, such Indebtedness must be unsecured and the books and records of the respective obligees must reflect that such Indebtedness is expressly subordinated to the prior payment in full in cash of all Obligations with respect to the Notes, in the case of Calfrac Holdings, or the Parent Guarantee or any Subsidiary Guarantee, as the case may be, in the case of a Guarantor;

(b) Indebtedness owed to Calfrac Holdings or any Guarantor must be unsubordinated obligations, unless the obligor under such Indebtedness is Calfrac Holdings or a Guarantor;

(c) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than Calfrac or a Restricted Subsidiary thereof and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either Calfrac or a Restricted Subsidiary thereof, will be deemed, in each case, to constitute an Incurrence of such Indebtedness by Calfrac or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the Guarantee by Calfrac, Calfrac Holdings or any of the Subsidiary Guarantors of Indebtedness of Calfrac Holdings, Calfrac or a Restricted Subsidiary of Calfrac that was permitted to be Incurred by another provision of this Section 4.09;

(8) the Incurrence by Calfrac or any of its Restricted Subsidiaries of Hedging Obligations that are Incurred for the purpose of fixing, hedging or swapping interest rate, commodity price or foreign currency exchange rate risk (or to reverse or amend any such agreements previously made for such purposes), and not for speculative purposes, and that do not increase the Indebtedness of the obligor outstanding at any time other than as a result of fluctuations in interest rates, commodity prices or foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;

(9) the Incurrence by Calfrac or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, bankers' acceptances, performance bonds, completion bonds, bid bonds, appeal bonds and surety bonds or other similar bonds or obligations, and any Guarantees or letters of credit functioning as or supporting any of the foregoing, in each case provided by Calfrac or any of its Restricted Subsidiaries in the ordinary course of business;

(10) the Incurrence by Calfrac or any of its Restricted Subsidiaries of Indebtedness constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business; *provided* that, upon the drawing of such letters of credit or the Incurrence of such Indebtedness, such obligations are reimbursed within one year following such drawing or Incurrence;

(11) the Incurrence by Calfrac of Indebtedness to the extent that the net proceeds thereof are promptly deposited to defease or to satisfy and discharge the Notes;

(12) the Incurrence of Indebtedness by Restricted Subsidiaries of Calfrac, which are neither Canadian/U.S. Restricted Subsidiaries, Calfrac nor Subsidiary Guarantors (such Restricted Subsidiaries, the "*Foreign Subsidiaries*"), in an aggregate amount outstanding at any time not to exceed 15.0% of such Foreign Subsidiaries' Consolidated Tangible Assets (determined on the date of the most recent available quarterly or annual balance sheet of such Subsidiaries, after giving pro forma effect to such Incurrence and the application of the proceeds therefrom);

(13) the Incurrence by Calfrac or any of its Restricted Subsidiaries of Permitted Acquisition Indebtedness;

(14) the Incurrence by Calfrac or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate amount at any time outstanding, including all Permitted Refinancing Indebtedness Incurred, to refund, refinance, defease, discharge or replace any Indebtedness Incurred pursuant to this clause (14), not to exceed the greater of (a) US$60,000,000 or (b) 4.0% of the Consolidated Tangible Assets of Calfrac (determined as of the date of the most recent available quarterly or annual balance sheet of Calfrac after giving pro forma effect to such Incurrence and the application of the proceeds therefrom;

(15) guarantees to suppliers in the ordinary course of business;

(16) Indebtedness arising in connection with endorsement of instruments for collection or deposit in the ordinary course of business;

(17) Indebtedness consisting of obligations to pay insurance premiums in an amount not to exceed the annual premiums in respect of such insurance premiums at any one time outstanding or take-or- pay obligations contained in supply arrangements;

(18) Indebtedness attributable to (but not Incurred to finance) the exercise of appraisal rights and the settlement of any claims or actions (whether actual, contingent or potential) with respect thereto, in each case with respect to any acquisition (by merger, consolidation or amalgamation or otherwise) permitted under this Indenture; and

(19) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (1) through (18) above.

(c) For purposes of determining compliance with this Section 4.09, in the event that any proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (19) of Section 4.09(b), or is entitled to be Incurred pursuant to Section 4.09(a),

Calfrac will be permitted to divide and classify such item of Indebtedness at the time of its Incurrence in any manner that complies with this Section 4.09. In addition, any Indebtedness originally divided or classified as Incurred pursuant to clauses (1) through (19) of Section 4.09(b) or pursuant to Section 4.09(a) may later be re-divided or reclassified by Calfrac such that it will be deemed as having been Incurred pursuant to another of such clauses or Section 4.09(a); *provided* that such re-divided or reclassified Indebtedness could be Incurred pursuant to such new clause or such paragraph at the time of such re-division or reclassification. Notwithstanding the foregoing, Indebtedness under the Credit Agreement outstanding on the Issue Date will be deemed to have been Incurred on such date in reliance on the exception provided by clause (1) of Section 4.09(b). Guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included in such determination.

(d) Notwithstanding any other provision of this Section 4.09 and for the avoidance of doubt, the maximum amount of Indebtedness that may be Incurred pursuant to this Section 4.09 will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies which occur subsequent to the date that such Indebtedness was Incurred as permitted by this Section 4.09.

(e) Calfrac Holdings will not Incur any Indebtedness that is subordinate in right of payment to any other Indebtedness of Calfrac Holdings unless it is subordinate in right of payment to the Notes to the same extent. Calfrac will not, and will not permit any Subsidiary Guarantor to, Incur any Indebtedness that is subordinate in right of payment to any other Indebtedness of it or such Subsidiary Guarantor unless such Indebtedness is subordinate in right of payment to such Guarantor's Guarantee to the same extent. For purposes of the foregoing, solely for the avoidance of doubt and without any other implication, no Indebtedness will be deemed to be subordinated in right of payment to any other Indebtedness of Calfrac Holdings or any Guarantor, as applicable, solely by reason of any Liens or Guarantees arising or created in respect thereof or by virtue of the fact that the holders of any secured Indebtedness have entered into intercreditor agreements giving one or more of such holders priority over the other holders in the collateral held by them.

Section 4.10 *Asset Sales.*

(a) Calfrac shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) Calfrac (or the Restricted Subsidiary, as the case may be) receives consideration in respect of such Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) either (x) at least 75.0% of the consideration therefor received by Calfrac or such Restricted Subsidiary is in the form of cash, Cash Equivalents or Replacement Assets or a combination thereof or (y) the Fair Market Value of the aggregate of all consideration other than cash, Cash Equivalents or Replacement Assets for all Asset Sales since the Issue Date would not exceed 10.0% of Consolidated Tangible Assets of Calfrac after

giving effect to such Asset Sales. For purposes of this provision, each of the following will be deemed to be in cash:

(i) any liabilities, as shown on Calfrac's or such Restricted Subsidiary's most recent consolidated balance sheet (or as would be shown on Calfrac's consolidated balance sheet as of the date of such Asset Sale) of Calfrac or any Restricted Subsidiary (other than contingent liabilities and Indebtedness that is by its terms subordinated to the Notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets or Equity Interests pursuant to a written novation agreement that releases Calfrac or such Restricted Subsidiary from further liability therefor;

(ii) any securities, notes or other obligations received by Calfrac or any such Restricted Subsidiary from such transferee that are converted by Calfrac or such Restricted Subsidiary into cash within 270 days after such Asset Sale, to the extent of the cash received in that conversion; and

(iii) accounts receivable of a business retained by Calfrac or any of its Restricted Subsidiaries, as the case may be, following the sale of such business; *provided* that such accounts receivable (A) are not past due more than 90 days and (B) do not have a payment date greater than 120 days from the date of the invoices creating such accounts receivable.

Any Asset Sale pursuant to a condemnation, expropriation or other similar taking, including by deed in lieu of condemnation, or pursuant to the foreclosure or other enforcement of a Permitted Lien or exercise by the related lienholder of rights with respect thereto, including by deed or assignment in lieu of foreclosure shall not be required to satisfy the conditions set forth in clauses (1) and (2) of this Section 4.10(a).

Notwithstanding the foregoing, the 75.0% limitation referred to in Section 4.10(a) shall be deemed satisfied with respect to any Asset Sale in which the cash or Cash Equivalents portion of the consideration received therefrom, determined in accordance with the foregoing provision on an after-tax basis, is equal to or greater than what the after-tax proceeds would have been had such Asset Sale complied with the aforementioned 75.0% limitation.

(b) Within 360 days after the receipt of any Net Proceeds from an Asset Sale, Calfrac or its Restricted Subsidiaries may apply an amount equal to such Net Proceeds at its option:

(1) to repay Indebtedness for borrowed money (other than Subordinated Indebtedness or Indebtedness owed to Calfrac or an Affiliate of Calfrac); including, without limitation, pursuant to and in accordance with Section 3.10; or

(2) to make any capital expenditure in or that is used or useful in a Permitted Business or to purchase Replacement Assets (or enter into a binding agreement to make such capital

expenditure or to purchase such Replacement Assets; *provided* that (i) such capital expenditure or purchase is consummated within the later of (x) 360 days after the receipt of the Net Proceeds from the related Asset Sale and (y) 180 days after the date of such binding agreement and (ii) if such capital expenditure or purchase is not consummated within the period set forth in the immediately preceding subclause (i) of this clause (2), the amount not so applied will be deemed to be Excess Proceeds.

Pending the final application of any such Net Proceeds, Calfrac may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by this Indenture.

(c) An amount equal to any Net Proceeds from Asset Sales that are not applied or invested as provided in Section 4.10(b) shall constitute "*Excess Proceeds*." If on any date, the aggregate amount of Excess Proceeds exceeds US$20,000,000, then within ten Business Days after such date, Calfrac Holdings shall make an offer (an "*Asset Sale Offer*") to all Holders of Notes and all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets, to purchase the maximum principal amount of Notes and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer shall be equal to 100% of principal amount plus accrued and unpaid interest to the date of purchase, and shall be payable in cash. Calfrac Holdings may satisfy the foregoing obligation with respect to such Excess Proceeds from an Asset Sale by making an Asset Sale Offer in advance of being required to do so by this Indenture (an "*Advance Offer*") with respect to all or part of the available Excess Proceeds (the "*Advance Portion*"). If any Excess Proceeds remain unapplied after consummation of an Asset Sale Offer, Calfrac and its Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and Calfrac Holdings or the respective agent for such other *pari passu* Indebtedness shall select such other *pari passu* Indebtedness to be purchased on a pro rata basis (with such adjustments as may be deemed appropriate by the Trustee so that only Notes in denominations of US$2,000, or in integral multiples of US$1,000 in excess thereof, shall be purchased, and Calfrac Holdings or the respective agent for such other *pari passu* Indebtedness shall make such adjustments for such other *pari passu* Indebtedness). Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero (regardless of whether there are any remaining Excess Proceeds upon such completion), and in the case of an Advance Offer, the Advance Portion shall be excluded in subsequent calculations of Excess Proceeds.

(d) Notwithstanding the foregoing, the sale, conveyance or other disposition of all or substantially all of the assets of Calfrac and its Restricted Subsidiaries, taken as a whole, shall be governed by Section 4.13 or Section 5.01, or both of them, as the case may be, and not by this Section 4.10.

(e) Calfrac Holdings shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent

that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of this Indenture, or compliance with the Asset Sale provisions of this Indenture would constitute a violation of any such laws or regulations, Calfrac Holdings shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of this Indenture by virtue of such compliance.

Section 4.11 *Transactions with Affiliates.*

(a) Calfrac shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into, make, amend, renew or extend any transaction, contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate of Calfrac (each, an "*Affiliate Transaction*") involving aggregate consideration in excess of $2.5 million, unless:

(1) such Affiliate Transaction is on terms that are no less favorable to Calfrac or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's-length transaction, taken as a whole, by Calfrac or such Restricted Subsidiary with a Person that is not an Affiliate of Calfrac; and

(2) Calfrac delivers to the Trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$20,000,000, an Officers' Certificate certifying that such Affiliate Transaction or series of related Affiliate Transactions complies with this Section 4.11; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$40,000,000, a Board Resolution set forth in an Officers' Certificate certifying that such Affiliate Transaction or series of related Affiliate Transactions complies with this Section 4.11 and that such Affiliate Transaction or series of related Affiliate Transactions has been approved by a majority of the disinterested members of the Board of Directors of Calfrac.

(b) The following items shall not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.11(a):

(1) transactions between or among Calfrac and/or its Restricted Subsidiaries;

(2) payment of reasonable and customary fees to, and reasonable and customary indemnification and similar payments on behalf of, directors of Calfrac and its Subsidiaries;

(3) any Permitted Investments or Restricted Payments that are permitted by the provisions of Section 4.07;

(4) any issuance of Equity Interests (other than Disqualified Stock) of Calfrac, or receipt of any capital contribution from any Affiliate of Calfrac;

(5) transactions with a Person (other than an Unrestricted Subsidiary of Calfrac) that is an Affiliate of Calfrac solely because Calfrac owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(6) transactions pursuant to agreements or arrangements in effect on the Issue Date and described in the Offering Memorandum, as long as such agreement or arrangement, as so amended, modified, supplemented or replaced, taken as a whole, is not more materially disadvantageous to, or restrictive on, Calfrac and its Restricted Subsidiaries than the original agreement or arrangement in existence on the Issue Date;

(7) loans or advances to employees in the ordinary course of business not to exceed US$5,000,000 in the aggregate at any one time outstanding;

(8) any employment, consulting, service or termination agreement, employee benefit plan or arrangement, reasonable and customary indemnification arrangements or any similar agreement, plan or arrangement, entered into by Calfrac or any of its Restricted Subsidiaries with officers, directors, consultants or employees of Calfrac or any of its Restricted Subsidiaries and the payment of compensation or benefits to officers, directors, consultants and employees of Calfrac or any of its Subsidiaries (including amounts paid pursuant to employee benefit plans, employee stock option or similar plans), and any payments, indemnities or other transactions permitted or required by bylaw, statutory provisions or any of the foregoing agreements, plans or arrangements; so long as such agreement or payment has been approved by a majority of the disinterested members of the Board of Directors of Calfrac;

(9) transactions permitted by, and complying with Section 5.01;

(10) any contribution of capital to Calfrac Holdings;

(11) transactions with any joint venture; provided that all outstanding ownership interests of such joint venture are owned only by Calfrac, its Restricted Subsidiaries and Persons that are not Affiliates of Calfrac Holdings;

(12) transactions with Affiliates solely in their capacity as holders of Indebtedness or Capital Stock of Calfrac Holdings or any of its Subsidiaries, so long as such transaction is with all holders of such class (and there are such non-Affiliate holders) and such Affiliates are treated no more favorably than all other holders of such class generally;

(13) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case, in the ordinary course of business and consistent with past practice and on terms that are no less favorable to Calfrac or such Restricted Subsidiary, as the case may be, as determined in good faith by Calfrac, than those that could be obtained in a comparable arm's length transaction with a Person that is not an Affiliate of Calfrac;

(14) any agreement between any Person and an Affiliate of such Person existing at the time such Person is acquired by or merged or consolidated with or into Calfrac or a Restricted Subsidiary, as such agreement may be amended, modified, supplemented, extended or renewed from time to time; provided that such agreement was not entered into contemplation of such acquisition, merger or consolidation, and so long as any such amendment, modification, supplement, extension or renewal, when taken as a whole, is not materially more disadvantageous to the Holders of the notes in any material respect, than the applicable agreement as in effect on the date of such acquisition, merger or consolidation;

(15) payments to an Affiliate in respect of the notes or any other Indebtedness of Calfrac or any of its Restricted Subsidiaries on the same basis as concurrent payments are made or offered to be made in respect thereof to non-Affiliates or on a basis more favorable to such non-Affiliates;

(16) any lease entered into between Calfrac or any Restricted Subsidiary, as lessee and any Affiliate of Calfrac, as lessor, which is approved by the Board of Directors of Calfrac in good faith or, any lease entered into between Calfrac or any Restricted Subsidiary, as lessee, and any Affiliate of Calfrac, as lessor, in the ordinary course of business; and

(17) payments to and from, and transactions with, any joint ventures entered into in the ordinary course of business or consistent with past practice (including, without limitation, any cash management activities related thereto).

Section 4.12 *Liens.*

Calfrac shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any nature whatsoever upon any asset or property now owned or hereafter acquired, except Permitted Liens, unless contemporaneously with the incurrence of such Lien, all payments due under this Indenture and the Notes are equally and ratably secured (except that Liens securing Subordinated Indebtedness shall be expressly subordinate to any Lien securing the Notes to at least the same extent such Subordinated Indebtedness is subordinate to the Notes) until such time as such obligations are no longer secured by a Lien.

Section 4.13 *Offer to Repurchase upon a Change of Control.*

(a) If a Change of Control occurs, Calfrac Holdings shall make an offer to each Holder of Notes to repurchase all or any part (equal to US$2,000 and integral multiples of US$1,000 in excess

thereof) of that Holder's notes pursuant to an offer (a "*Change of Control Offer*") on the terms set forth in this Indenture. In the Change of Control Offer, Calfrac Holdings shall offer payment (a "*Change of Control Payment*") in cash equal to not less than 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest to the date of repurchase (the "*Change of Control Payment Date*," which date will be no earlier than the date of such Change of Control). No later than 30 days following any Change of Control, Calfrac Holdings shall mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the Change of Control Payment Date specified in such notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures in Section 3.08 (including the notice required thereby). Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer. Calfrac Holdings shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities law and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of this Indenture, or compliance with the Change of Control provisions of this Indenture would constitute a violation of any such laws or regulations, Calfrac Holdings shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of this Indenture by virtue of such compliance.

(b) On or before the Change of Control Payment Date, Calfrac Holdings shall, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof properly tendered; and

(3) deliver or cause to be delivered to the Trustee, the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by Calfrac Holdings.

(c) The Paying Agent shall promptly mail or wire transfer to each Holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee shall promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note shall be in a principal amount of US$2,000 or an integral multiple of US$1,000 in excess thereof.

(d) Calfrac Holdings shall advise the Trustee and the Holders of the Notes of the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(e) If Holders of not less than 90.0% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and Calfrac Holdings, or any third party making a Change of Control Offer in lieu of Calfrac Holdings as described in this Section 4.l3, purchases all of the Notes validly tendered and not withdrawn by such Holders, Calfrac Holdings or such third party, as the case may be, shall have the right, upon not less than 15 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described in this Section 4.13, to redeem all Notes that remain outstanding following such purchase at a redemption price in cash equal to the applicable Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, to the date of redemption.

(f) Notwithstanding anything to the contrary in this Section 4.13, Calfrac Holdings shall not be required to make a Change of Control offer upon a Change of Control if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.13 and all other provisions of this Indenture applicable to a Change of Control Offer made by Calfrac Holdings and purchases all Notes properly tendered and not withdrawn under such Change of Control Offer or (ii) notice of redemption has been given pursuant to Section 3.03 and all other provisions of this Indenture applicable to an optional redemption, unless and until there is a default in payment of the applicable redemption price.

Section 4.14 *Designation of Restricted and Unrestricted Subsidiaries.*

(a) The Board of Directors of Calfrac may designate any Restricted Subsidiary of Calfrac to be an Unrestricted Subsidiary; *provided* that:

(1) any Guarantee by Calfrac or any Restricted Subsidiary thereof of any Indebtedness of the Subsidiary being so designated shall be deemed to be an Incurrence of Indebtedness by Calfrac or such Restricted Subsidiary (or both, if applicable) at the time of such designation, and such Incurrence of Indebtedness would be permitted under Section 4.09;

(2) the aggregate Fair Market Value of all outstanding Investments owned by Calfrac and its Restricted Subsidiaries in the Subsidiary being so designated (including any Guarantee by Calfrac or any Restricted Subsidiary thereof of any Indebtedness of such Subsidiary) shall be deemed to be a Restricted Investment made as of the time of such designation and that such Investment would be permitted under Section 4.07;

(3) such Subsidiary does not hold any Liens on any property of Calfrac or any Restricted Subsidiary thereof;

(4) the Subsidiary being so designated:

(i) is a Person with respect to which neither Calfrac nor any of its Restricted Subsidiaries has any direct or indirect obligation (i) to subscribe for additional Equity Interests or (ii) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results;

(ii) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of Calfrac or any of its Restricted Subsidiaries, except to the extent such Guarantee or credit support would be released upon such designation;

(iii) is not a party to any agreement or understanding with Calfrac or any of its Restricted Subsidiaries unless the terms of any such agreement or understanding are no less favorable to Calfrac or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of Calfrac; and

(5) no Default or Event of Default would be in existence following such designation;

provided, *however*, until Calfrac or one of its Restricted Subsidiaries has expressly assumed all of Calfrac Holdings' obligations under and with respect to the Notes and this Indenture, in each case as expressly provided in Section 5.01, neither Calfrac Holdings nor any Restricted Subsidiary of Calfrac Holdings (i) shall be designated an Unrestricted Subsidiary or (ii) shall become a Subsidiary of an Unrestricted Subsidiary.

(b) Any designation of a Restricted Subsidiary of Calfrac as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by this Indenture. If, at any time, any Unrestricted Subsidiary would fail to meet any of the preceding requirements described in subclauses (a), (b) or (c) of clause (4) of Section 4.l4(a), it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary shall be deemed to be Incurred or made by a Restricted Subsidiary of Calfrac as of such date and, if such Indebtedness, Investments or Liens are not permitted to be Incurred or made as of such date under this Indenture, Calfrac shall be in default under this Indenture.

(c) The Board of Directors of Calfrac may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that:

(1) such designation shall be deemed to be an Incurrence of Indebtedness by a Restricted Subsidiary of Calfrac of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if such Indebtedness is permitted under Section 4.09;

(2) all outstanding Investments owned by such Unrestricted Subsidiary shall be deemed to be made as of the time of such designation and such designation shall only be permitted if such Investments would be permitted under Section 4.07; *provided* that such outstanding Investments shall be valued at the lesser of (a) the Fair Market Value of such Investments measured on the date of such designation and (b) the Fair Market Value of such Investments measured at the time each such Investment was made by such Unrestricted Subsidiary;

(3) all Liens upon property or assets of such Unrestricted Subsidiary existing at the time of such designation would be permitted under Section 4.12; and

(4) no Default or Event of Default would be in existence following such designation.

Section 4.15 [Reserved].

Section 4.16 *Subsidiary Guarantees.*

Calfrac shall not permit any of its Canadian/U.S. Restricted Subsidiaries, directly or indirectly, to Incur any Indebtedness (without regard to "Indebtedness" as defined in clause (x) of the second paragraph of the definition of the term "Indebtedness") that, individually or in the aggregate with all other of its then outstanding Indebtedness (without regard to "Indebtedness" as defined in clause (x) of the second paragraph of the definition of the term "Indebtedness"), exceeds, at any time US$25,000,000, unless such Restricted Subsidiary is a Subsidiary Guarantor or simultaneously executes and delivers to the Trustee an Officers' Certificate, Opinion of Counsel and a supplemental indenture providing for the Guarantee of the payment of the Notes by such Restricted Subsidiary, which Subsidiary Guarantee will be *pari passu* in right of payment with all existing and any future unsecured and unsubordinated Indebtedness of such Subsidiary.

Section 4.17 *Payment of Additional Amounts.*

(a) All payments made under or with respect to the Notes or this Indenture, pursuant to the Parent Guarantee or pursuant to any Subsidiary Guarantee, shall be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) (collectively, "*Taxes*") imposed or levied by or on behalf of any Canadian government or political subdivision or territory or possession of any government or authority or agency therein or thereof having the power to tax (each a "*Taxing Authority*"), unless the obligor thereon is required to withhold or deduct Taxes under any law or by the interpretation, application or administration thereof.

(b) If any such obligor is so required to withhold or deduct any amount of or on account of Taxes imposed by the government of Canada or any political subdivision thereof, or any agency or authority thereof with the power to levy tax, from any payment made under or with respect to the Notes or the Parent Guarantee or any Subsidiary Guarantee, as the case may be, such obligor shall pay to each Holder of Notes that are outstanding on the date of the required payment, such additional amounts ("*Additional Amounts*") as may be necessary so that the net amount received by such Holder (including the Additional Amounts) after such withholding or deduction (including withholdings and deductions on Additional Amounts) shall not be less than the amount such Holder would have received if such Taxes had not been withheld or deducted; *provided* that no Additional Amounts shall be payable with respect to a payment made to a Holder or beneficial owner of the Notes (an "*Excluded Holder*"):

(1) which is a resident of Canada for the purposes of the *Income Tax Act* (Canada) or any political subdivision thereof;

(2) which is subject to such Taxes by reason that it does not deal at arm's length (within the meaning of the *Income Tax Act* (Canada)) with the applicable obligor at the time of making such payment;

(3) for or on account of Canadian withholding Taxes imposed on a payment under or with respect to a note that is deemed under subsection 214(16) of the *Income Tax Act* (Canada) to be a dividend;

(4) which is subject to such Taxes by reason of its being or having been connected with a jurisdiction imposing such tax (including where the Holder is the beneficial owner of, or person ultimately entitled to obtain an interest in, such Note, including a fiduciary, settler, beneficiary, member, partner, shareholder or other equity interest owner of, or possessor of power over, such Holder or beneficial owner, if such beneficial owner is an estate, trust partnership, limited liability company, corporation or other entity) otherwise than by the mere holding or ownership, or deemed holding or ownership of the Notes or the receipt of payments thereunder or under the Parent Guarantee or any Subsidiary Guarantee (as a matter of, for example, citizenship, nationality, residence, domicile, or existence of a business or permanent establishment, a dependent agent, a place of business or a place of management present or deemed present within the Taxing Authority);

(5) which failed to duly and timely comply with a timely request of Calfrac Holdings to provide information, documents or other evidence concerning such Holder's or beneficial owner's nationality, residence, entitlement to treaty benefits or identity, if and to the extent that (a) such Holder and/or beneficial owner was legally able to comply with such request and (b) due and timely compliance with such request is required by applicable law as a precondition to reduction or elimination of, and would have reduced or eliminated, any Taxes as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner but for this clause;

(6) which is a fiduciary or a partnership or not the sole beneficial owner of the relevant Note, if and to the extent that any beneficiary or settlor with respect to such fiduciary, any partner with respect to such partnership or any beneficial owner of such Note (as the case may be) would not have been entitled to receive Additional Amounts with respect to the' payment in question had such beneficiary, settlor, partner or beneficial owner been the actual Holder of such Note;

(7) in respect of any estate, gift, inheritance, value added, excise, transfer, intangible or similar tax;

(8) in respect of any Taxes that are imposed or withheld pursuant to Section 1471 through 1474 of the Code, as of the Issue Date (or any amended or successor version of such sections), any regulations promulgated thereunder, any official interpretations thereof, any similar law or regulation adopted pursuant to an intergovernmental agreement

between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the Code; or

(9) any combination of the above clauses in this proviso.

(c) The applicable obligor on the Notes, the Parent Guarantee or any Subsidiary Guarantee, as the case may be, shall (i) make such withholding or deduction and (ii) remit the full amount deducted or withheld to the Taxing Authority in accordance with applicable law. The applicable obligor on the Notes, the Parent Guarantee or any Subsidiary Guarantee, as the case may be, shall furnish, upon the request of the Trustee, documentation satisfactory to the Trustee evidencing the payment of Taxes or Additional Amounts.

(d) In addition, the applicable obligor on the Notes, the Parent Guarantee or any Subsidiary Guarantee, as the case may be, shall indemnify and hold harmless each Holder or beneficial owner (without duplication) of Notes that are outstanding on the date of the required payment and upon written request (providing the amount of the relevant tax paid and its computation in reasonable detail, together with proof of payment) reimburse each such Holder or beneficial owner for the amount of: (i) any Taxes so levied or imposed by the government of Canada or any political subdivision thereof, or any agency or authority with the power to levy tax, and paid by such Holder or beneficial owner (without duplication) as a result of payments made under or with respect to the Notes, the Parent Guarantee or any Subsidiary Guarantee, but excluding any such Taxes with respect to which such Holder or beneficial owner is an Excluded Holder, and (ii) any such Taxes imposed on such Holder or beneficial owner (other than any such Taxes with respect to which such Holder or beneficial owner is an Excluded Holder) with respect to any reimbursement under subclause (i) immediately above, in each case without duplication of any payment made by such obligor pursuant to the immediately preceding subclauses (i) and (ii) (collectively, "*Reimbursement Payments*").

(e) At least 30 days prior to each date on which any payment under or with respect to the Notes, the Parent Guarantee or any Subsidiary Guarantee is due and payable (unless such obligation to pay Additional Amounts arises after the 30th day prior to such date, in which case the applicable obligor shall notify the Trustee promptly thereafter), if the applicable obligor on the Notes, the Parent Guarantee or any Subsidiary Guarantee, as the case may be, shall be obligated to pay Additional Amounts with respect to such payment, such obligor shall deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts shall be payable and the amounts so payable and shall set forth such other information necessary to enable the Trustee to pay such Additional Amounts to Holders of Notes on the payment date. Each such Officers' Certificate shall be relied upon until receipt of a further officers' certificate addressing such matters.

(f) Whenever in this Indenture there is mentioned, in any context;

(i) the payment of principal (and premium, if any);

(ii) purchase prices in connection with a repurchase or a redemption of Notes;

(iii) interest; or

(iv) any other amount payable on or with respect to any of the Notes, this Indenture, the Parent Guarantee or any Subsidiary Guarantee,

such mention shall be deemed to include mention of the payment of Additional Amounts and Reimbursement Payments provided for in this Section 4.17 to the extent that, in such context, Additional Amounts or Reimbursement Payments are, were or would be payable in respect thereof.

(g) Calfrac Holdings shall pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies that are payable to any taxing authority in connection the execution, delivery, enforcement or registration of the Notes, this Indenture or any other document or instrument in relation thereto, or the receipt of any payments with respect to the Notes.

(h) The obligations described in this Section 4.17 shall survive any termination, defeasance or discharge of this Indenture and will apply mutatis mutandis to any successor Person to Calfrac Holdings or any Guarantor and to any jurisdiction in which Calfrac Holdings or any Guarantor is organized or is otherwise resident or conducts business for tax purposes or any jurisdiction from or through which payment is made by Calfrac Holdings or any Guarantors or their respective agents.

Section 4.18 *Suspension of Covenants.*

Sections 4.07, 4.08, 4.09, 4.10, 4.11 and clause (3)(A) of Section 5.01(a) (collectively, the "*Suspended Provisions*") shall no longer be in effect if and beginning on the date (the "*Suspension Date*") the Notes have attained Investment Grade Status and no Default has occurred and is continuing under this Indenture.

If at any time subsequent to attaining such Investment Grade Status any Rating Agency withdraws its ratings or downgrades the ratings assigned to the Notes below Investment Grade Status so that the Notes do not have Investment Grade Status then Calfrac and its Restricted Subsidiaries shall thereafter again be subject to the Suspended Provisions, subject to the terms, conditions and obligations set forth in this Indenture (each such date of reinstatement being a "*Reinstatement Date*," and each period between a Suspension Date and the next occurring Reinstatement Date, a "*Suspension Period*"), unless and until a subsequent Suspension Date occurs. Notwithstanding that the Suspended Provisions may be reinstated, no Default shall be deemed to have occurred as a result of a failure to comply with the Suspended Provisions during any Suspension Period. On the Reinstatement Date, all Indebtedness incurred during the Suspension Period will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under Section 4.09(b)(3). Calculations made after the Reinstatement Date of the amount available to be made as Restricted Payments under Section 4.07 will be made as though Section 4.07 had been in effect since the Issue Date and prior to, but not during, the Suspension Period. Accordingly, Restricted Payments made during the Suspension Period will not reduce the amount available to be made as Restricted Payments under Section 4.07. On the Reinstatement Date, the amount of Excess Proceeds shall be reset at zero. Any Affiliate Transaction entered into after the Reinstatement Date pursuant to an agreement entered into during any Suspension Period will be deemed to have been

outstanding on the Issue Date. Any encumbrance or restriction on the ability of any Restricted Subsidiary to take any action described in clauses (1) through (3) of Section 4.08(a) that becomes effective during the Suspension Period will be deemed to have existed on the Issue Date. No default or Event of Default will be deemed to have occurred on the Reinstatement Date as a result of any actions taken by Calfrac or its Restricted Subsidiaries under any of the Suspended Covenants during the Suspension Period.

Article V

SUCCESSORS

Section 5.01 *Merger, Consolidation or Sale of Assets.*

(a) Calfrac shall not, directly or indirectly: (i) consolidate, amalgamate or merge with or into another Person (regardless of whether Calfrac is the surviving Person or one of the Persons that amalgamates with one or more other Persons to form the continuing successor Person) or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties and assets of Calfrac and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (A) Calfrac is the surviving Person (or one of the Persons that amalgamates with one or more other Persons to form the continuing successor Person); or (B) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than Calfrac or one of the Persons that amalgamates with one or more other Persons to form the continuing successor Person) or to which such sale, assignment, transfer, conveyance or other disposition will have been made (i) is a Person organized or existing under the laws of (x) the United States, any state thereof or the District of Columbia or (y) Canada or any province or territory thereof and (ii) assumes all the obligations of Calfrac under the Parent Guarantee or the Notes, as the case may be, and this Indenture pursuant to agreements reasonably satisfactory to the Trustee;

(2) immediately after giving effect to such transaction, no Default or Event of Default exists;

(3) either (A) immediately after giving effect to such transaction on a pro forma basis, Calfrac or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than Calfrac or one of the Persons that amalgamates with one or more other Persons to form the continuing successor Person), or to which such sale, assignment, transfer, conveyance or other disposition will have been made shall be permitted to Incur at least $1.00 of additional Indebtedness pursuant to Section 4.09(a) or (B) immediately after giving effect to such transaction on a pro forma basis and any related financing transactions as if the same had occurred at the beginning of the applicable four quarter period, the Consolidated Fixed Charge Coverage Ratio of Calfrac or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than Calfrac or one of the Persons that amalgamates with one or more other Persons to form the continuing successor Person) is equal to or greater than the Consolidated Fixed Charge Coverage Ratio immediately before such transaction;

(4) each Subsidiary Guarantor, unless such Guarantor is the Person with which Calfrac has entered into a transaction under this Section 5.01, shall have by amendment to its Subsidiary Guarantee confirmed that its Subsidiary Guarantee shall apply to the obligations of Calfrac Holdings and Calfrac or the surviving or continuing Person in accordance with the Notes and this Indenture; and

(5) Calfrac delivers to the Trustee an Officers' Certificate (attaching the arithmetic computation to demonstrate compliance with clause (3) of this Section 5.01) and Opinion of Counsel, in each case stating that such transaction and such agreement complies with this Section 5.01 and that all conditions precedent provided for herein relating to such transaction have been complied with.

(b) Until Calfrac or one of its Restricted Subsidiaries has expressly assumed all of Calfrac Holdings' obligations under and with respect to the Notes and this Indenture, in each case as expressly provided under this Section 5.01, (i) Calfrac Holdings shall not, directly or indirectly, (A) consolidate with or merge with or into, or sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties and assets of Calfrac Holdings and its Restricted Subsidiaries, taken as a whole, in one or more related transactions to, any Person other than Calfrac or any Restricted Subsidiary thereof or (B) adopt a plan relating to its liquidation or dissolution, and (ii) Calfrac shall not, and shall not permit any of its Subsidiaries, directly or indirectly, to sell, assign, transfer, convey or otherwise dispose of any Equity Interests in Calfrac Holdings to any Person other than Calfrac or any of its Restricted Subsidiaries.

(c) Notwithstanding Section 5.0l(b), Calfrac Holdings may consolidate with or merge with or into, or sell, assign, transfer, convey or lease or otherwise dispose of all or substantially all of the properties and assets of Calfrac Holdings and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, directly or indirectly, to Calfrac or any Restricted Subsidiary thereof, if such Person expressly assumes, by supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of Calfrac Holdings under the Notes and this Indenture and delivers to the Trustee a related Officers' Certificate and Opinion of Counsel. Thereupon, Calfrac Holdings shall be fully released from its obligations under the Notes and Calfrac or such Restricted Subsidiary, as applicable, will succeed to the obligations of, and be substituted for, and may exercise every right and power of Calfrac Holdings under the Notes and this Indenture and, in the case of a transaction in which Calfrac is such successor, the Parent Guarantee shall be automatically released, without any further action.

(d) In addition, Calfrac and its Restricted Subsidiaries shall not, directly or indirectly, lease all or substantially all of the properties or assets of Calfrac and its Restricted Subsidiaries considered as one enterprise, in one or more related transactions, to any other Person.

(e) Section 5.01 shall not apply to (i) a merger of Calfrac with an Affiliate solely for the purpose of reincorporating or continuing Calfrac in another jurisdiction; or (ii) any consolidation, amalgamation or merger, or any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among Calfrac and its Restricted Subsidiaries that are Guarantors.

Section 5.02 *Successor Corporation Substituted.*

Upon any consolidation, amalgamation or merger, or any sale, assignment, transfer, conveyance or other disposition of all or substantially all of the properties or assets of Calfrac and its Restricted Subsidiaries in accordance with Section 5.01, the continuing successor Person formed by the consolidation or amalgamation or into which Calfrac is merged or to which the sale, assignment, transfer, conveyance or other disposition is made, shall succeed to and be substituted for Calfrac, and may exercise every right and power of Calfrac under this Indenture with the same effect as if the successor had been named as Calfrac herein. When the continuing successor Person assumes all of Calfrac's obligations under this Indenture pursuant to a supplemental indenture in form and substance reasonably satisfactory to the Trustee and delivers to the Trustee the related Officers' Certificate and Opinion of Counsel, Calfrac shall be discharged from those obligations; *provided, however*, that Calfrac shall not be relieved from the obligation to pay the principal of and interest on the Notes in the case of a lease of all or substantially all of Calfrac's assets.

Article VI

DEFAULTS AND REMEDIES

Section 6.01 *Events of Default.*

(a) Each of the following is an "*Event of Default*:"

(1) default for 30 days in the payment when due of interest on the Notes;

(2) default in payment when due of the principal of, or premium, if any, on the Notes;

(3) failure by Calfrac Holdings or Calfrac to comply with its obligations under Article V or to consummate a purchase of Notes when required pursuant to Section 4.10 or Section 4.13;

(4) failure by Calfrac or any of its Restricted Subsidiaries for 30 days to comply with the provisions of Section 4.10 or Section 4.13 to the extent not described above in clause (3) of this Section 6.01(a).

(5) failure by Calfrac or any of its Restricted Subsidiaries for 60 days (or 90 days in the case of a Reporting Failure) after written notice by the Trustee or Holders representing 25.0% or more of the aggregate principal amount of Notes outstanding to comply with any of the other agreements in this Indenture;

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by Calfrac or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by

Calfrac or any of its Restricted Subsidiaries) whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:

(i) is caused by a failure to make any payment on such Indebtedness when due and prior to the expiration of the grace period, if any, provided in such Indebtedness (a "*Payment Default*"); or

(ii) results in the acceleration of such Indebtedness prior to its stated maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates US$35,000,000 or more;

(7) failure by Calfrac or any of its Restricted Subsidiaries to pay final non-appealable judgments (to the extent such judgments are not paid or covered by in-force insurance provided by a reputable carrier that has the ability to perform and has acknowledged coverage in writing) aggregating in excess of US$35,000,000, which judgments are not paid, discharged or stayed for a period of 60 days;

(8) except as permitted by this Indenture, the Parent Guarantee or any Subsidiary Guarantee, as the case may be, shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under the Parent Guarantee or its Subsidiary Guarantee, as the case may be;

(9) Calfrac Holdings, Calfrac or any Restricted Subsidiary that is a Significant Subsidiary of Calfrac (or any Restricted Subsidiaries of Calfrac that together would constitute a Significant Subsidiary of Calfrac) pursuant to or within the meaning of Bankruptcy Law:

(i) commences a voluntary case,

(ii) consents to the entry of an order for relief against it in an involuntary case,

(iii) makes a general assignment for the benefit of its creditors, or

(iv) generally is not paying its debts as they become due; and

(10) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against Calfrac Holdings, Calfrac or any Restricted Subsidiary that is a Significant Subsidiary of Calfrac (or Restricted Subsidiaries of Calfrac that

together would constitute a Significant Subsidiary of Calfrac), in an involuntary case; or

(ii) appoints a custodian, receiver, receiver and manager, trustee, liquidator or other Person with like powers of Calfrac Holdings, Calfrac or any Restricted Subsidiary that is a Significant Subsidiary of Calfrac (or Restricted Subsidiaries of Calfrac that together would constitute a Significant Subsidiary of Calfrac) or for all or substantially all of the property of Calfrac Holdings, Calfrac or any Restricted Subsidiary that is a Significant Subsidiary of Calfrac (or Restricted Subsidiaries of Calfrac that together would constitute a Significant Subsidiary of Calfrac); or

(iii) orders the liquidation of Calfrac Holdings, Calfrac or any Restricted Subsidiary that is a Significant Subsidiary of Calfrac (or Restricted Subsidiaries of Calfrac that together would constitute a Significant Subsidiary of Calfrac);

and the order of decree remains unstayed and in effect for 60 consecutive days.

Section 6.02 *Acceleration.*

To the extent permitted by applicable law, in the case of an Event of Default specified in clause (9) or (10) of Section 6.01(a), with respect to Calfrac Holdings, Calfrac, any Restricted Subsidiary that is a Significant Subsidiary or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25.0% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately by notice in writing to Calfrac Holdings specifying the Event of Default.

Upon any such declaration, the Notes shall become due and payable immediately.

The Holders of a majority in aggregate principal amount of the Notes then outstanding by written notice to the Trustee may, on behalf of the Holders of all of the Notes, rescind an acceleration and its consequences under this Indenture.

Calfrac Holdings shall, so long as any of the Notes are outstanding, deliver to the Trustee, within five Business Days after any Officer becomes aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action Calfrac Holdings is taking or proposes to take with respect thereto.

Section 6.03 *Other Remedies.*

(a) If an Event of Default occurs and is continuing, the Trustee may, in its sole discretion, pursue any available remedy to collect the payment of principal, premium, if any, and interest with respect to the Notes or to enforce the performance of any provision of the Notes or this Indenture.

(b) The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 *Waiver of Past Defaults.*

Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under this Indenture except a continuing Default or Event of Default in the payment of interest or premium on, or the principal of, the Notes; *provided, however*, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon

Section 6.05 *Control by Majority.*

The Holders of a majority in principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders of Notes not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders of Notes (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to Holders).

Section 6.06 *Limitation on Suits.*

(a) A Holder may not pursue any remedy with respect to this Indenture or the Notes unless:

(1) the Holder gives the Trustee written notice of a continuing Event of Default;

(2) the Holder or Holders of at least 25.0% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer the Trustee indemnity satisfactory to the Trustee against any costs, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

(b) A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to Holders).

Section 6.07 *Rights of Holders of Notes to Receive Payment.*

The limitations in Section 6.06 shall not apply to the right of any Holder of a Note to receive payment of the principal of, premium or interest on, such Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Section 6.08 *Collection Suit by Trustee.*

If an Event of Default specified in Section 6.01(a)(1) or (a)(2) occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against Calfrac Holdings for the whole amount of principal of, premium, if any, and interest remaining unpaid on the Notes and interest on overdue principal and premium, if any, and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09 *Trustee May File Proofs of Claim.*

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to Calfrac Holdings or any Guarantor (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other securities or property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursement and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee under Section 7.07 out of the estate in any such proceeding shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition

affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 *Priorities.*

(a) If the Trustee collects any money or property pursuant to this Article VI, it shall pay out the money or property in the following order:

FIRST: to the Trustee, its agents and attorneys for amounts due under Section 7.07, including payment of all compensation, expense and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

SECOND: to Holders of Notes for amounts due and unpaid on the Notes for principal, premium, if any, and interest ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, respectively; and

THIRD: to Calfrac Holdings or to such party as a court of competent jurisdiction shall direct.

(b) The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

Section 6.11 *Undertaking for Costs.*

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable cost, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10.0% in principal amount of the then outstanding Notes.

Article VII

TRUSTEE

Section 7.01 *Duties of Trustee.*

(a) If an Event of Default has occurred and is continuing, the Trustee shall be required, in the exercise of its power vested in it by this Indenture, to use the degree of care of a prudent person in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of clause (b) of this Section 7.01;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to clauses (a), (b) and (c) of this Section 7.01.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense that might be incurred by it in connection with the request or direction.

(f) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

Section 7.02 *Certain Rights of Trustee.*

(a) The Trustee may conclusively rely upon and shall be fully protected in acting or refraining from acting upon any document reasonably believed by it to be genuine and to have been

signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in conclusive reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any attorney or agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from Calfrac Holdings shall be sufficient if signed by an Officer of Calfrac Holdings.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee security or indemnity reasonably satisfactory to it against any loss, liability or expense.

(g) The Trustee shall not be deemed to have notice of any Default or Event of Default (except any Event of Default under clause (1) or (2) of Section 6.01(a)) unless a Responsible Officer of the Trustee has actual knowledge thereof.

(h) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(j) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder.

(k) The Trustee may request that the company deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture.

Section 7.03 *Individual Rights of Trustee.*

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may become a creditor of, or otherwise deal with, Calfrac or any of its Affiliates with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest as described in the Trust Indenture Act, it must eliminate such conflict within 90 days, with Calfrac or its Affiliates. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11.

Section 7.04 *Trustee's Disclaimer.*

The Trustee shall not be responsible for and makes no representations as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for Calfrac Holdings' use of the proceeds from the Notes or any money paid to Calfrac Holdings or upon Calfrac Holdings' direction under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

Section 7.05 *Notice of Defaults.*

If a Default or Event of Default occurs and is continuing and if it is actually known to a Responsible Officer of the Trustee, the Trustee shall mail to Holders of Notes a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default relating to the payment of principal, premium or interest on any Note, the Trustee may withhold the notice if and so long as the Trustee in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

Section 7.06 *[Reserved].*

Section 7.07 *Compensation and Indemnity.*

(a) Calfrac Holdings shall pay to the Trustee from time to time compensation for its acceptance of this Indenture and services provided hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. Calfrac Holdings shall reimburse the Trustee promptly upon request for all disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel and any taxes and other expenses incurred by a trust created pursuant to Section 8.04.

(b) Calfrac Holdings and the Guarantors jointly and severally shall indemnify the Trustee and its agents, officers and employees and hold each of them harmless against any and all losses, damages, claims, costs, fees, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of

enforcing this Indenture against Calfrac Holdings and the Guarantors (including this Section 7.07) and defending itself against any claim (whether asserted by either of Calfrac Holdings or any Guarantor or any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder (including without limitation settlement costs), except to the extent any such loss, liability or expense may be attributable to its negligence, or willful misconduct as finally adjudicated by a court of competent jurisdiction. The Trustee shall notify Calfrac Holdings and the Guarantors promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify Calfrac Holdings shall not relieve Calfrac Holdings of its obligations hereunder unless the failure to notify Calfrac Holdings impairs Calfrac Holdings' ability to defend such claim. Calfrac Holdings shall defend the claim and the Trustee shall cooperate in the defense. Calfrac Holdings need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld, conditioned or delayed.

(c) The obligations of Calfrac Holdings and the Guarantors under this Section 7.07 shall survive the satisfaction and discharge of this Indenture and resignation or removal of the Trustee.

(d) To secure Calfrac Holdings' and the Guarantors' payment obligations in this Section 7.07, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that such Lien shall not apply to money and property held in trust to pay principal and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of this Indenture and resignation or removal of the Trustee.

(e) When the Trustee incurs expenses or renders services after an Event of Default specified in clause (9) or (10) of Section 6.01(a) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.08 *Replacement of Trustee.*

(a) A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

(b) The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying Calfrac Holdings. The Holders of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and Calfrac Holdings in writing not less than 30 days prior to the effective date of such removal. Calfrac Holdings may remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10;

(2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(3) a custodian or public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, Calfrac Holdings shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by Calfrac Holdings.

(d) If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, Calfrac Holdings, or the Holders of at least 10.0% in principal amount of the then outstanding Notes may petition at the expense of Calfrac Holdings any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.10, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and. the appointment of a successor Trustee.

(f) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to Calfrac Holdings. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, *provided* that all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, Calfrac Holdings' obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

Section 7.09 *Successor Trustee by Merger, Etc.*

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another Person, the successor Person without any further act shall be the successor Trustee.

Section 7.10 *Eligibility; Disqualification.*

There shall at all times be a Trustee hereunder that is a corporation or banking association organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trust powers, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least US$50,000,000 as set forth in its most recent published annual report of condition.

Section 7.11 *[Reserved].*

Article VIII

DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01 *Option to Effect Legal Defeasance or Covenant Defeasance.*

Calfrac Holdings may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, elect to have either Section 8.02 or Section 8.03 be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article VIII.

Section 8.02 *Legal Defeasance and Discharge.*

Upon Calfrac Holdings' exercise under Section 8.01 hereof of the option applicable to this Section 8.02, Calfrac Holdings shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from its obligations with respect to all outstanding Notes and all obligations of the Guarantors shall be deemed to have been discharged with respect to their obligations under the Parent Guarantee and the Subsidiary Guarantees, as the case may be, on the date the conditions set forth below are satisfied (hereinafter, "*Legal Defeasance*"). For this purpose, Legal Defeasance means that Calfrac Holdings and the Guarantors shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, the Parent Guarantee and the Subsidiary Guarantees, respectively, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 and the other Sections of this Indenture referred to in clauses (a) and (b) of this Section 8.02, and to have satisfied all its other obligations under such Notes and this Indenture (and the Trustee, on demand of and at the expense of Calfrac Holdings, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium, if any, on such Notes when such payments are due from the trust referred to in Section 8.04, (b) Calfrac Holdings' obligations pursuant to Sections 2.04, 2.05, 2.07, 2.08, 2.11 and 4.02, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and Calfrac Holdings' and the Guarantors' obligations in connection therewith and (d) the provisions of this Article VIII related to Legal Defeasance. Subject to compliance with this Article VIII, Calfrac Holdings may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

Section 8.03 *Covenant Defeasance.*

Upon Calfrac Holdings' exercise under Section 8.01 hereof of the option applicable to this Section 8.03, Calfrac Holdings and the Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from their obligations under the covenants contained in Sections 4.03, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16 and 5.01(a)(3) with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 are satisfied (hereinafter, "*Covenant Defeasance*"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes).

For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, the Parent Guarantee and the Subsidiary Guarantees, Calfrac Holdings and the Guarantors may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall riot constitute a Default or an Event of Default under Section 6.01, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In addition, upon Calfrac Holdings' exercise under Section 8.01 of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8:04, clauses (3) (with respect to clause (3), other than Section 5.01 except for the limitations imposed by Section 5.01(a)(3)(A)) through (8) of Section 6.01(a) shall not constitute Events of Default, and clauses (9) and (10) of Section 6.01(a) shall not constitute an Event of Default solely with respect to the Subsidiaries of Calfrac that are not, or are not required to be, Subsidiary Guarantors.

Section 8.04 *Conditions to Legal or Covenant Defeasance.*

(a) The following shall be the conditions to the application of either Section 8.02 or Section 8.03 to the outstanding Notes:

(1) Calfrac Holdings must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest and premium, if any, on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and Calfrac Holdings must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, Calfrac Holdings shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that (a) Calfrac has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, Calfrac Holdings shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and

at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) Calfrac Holdings must have delivered to the Trustee an Opinion of Counsel in Canada to the effect that Holders will not recognize income, gain or loss for Canadian federal or provincial income tax or other tax purposes as a result of such deposit, defeasance and discharge, and will be subject to Canadian federal or provincial income tax and other tax on the same amounts, and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred (which condition may not be waived by any Holder or the Trustee);

(5) no Default or Event of Default shall have occurred and be continuing (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) either: (a) on the date of such deposit; or (b) insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 123rd day after the date of deposit;

(6) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which Calfrac or any of its Subsidiaries is a party or by which Calfrac or any of its Subsidiaries is bound;

(7) Calfrac Holdings must have delivered to the Trustee an Opinion of Counsel in the United States to the effect that; (a) assuming (1) no intervening bankruptcy of Calfrac Holdings, Calfrac or any Subsidiary Guarantor between the date of deposit and the 123rd day following the deposit and assuming that no Holder or the Trustee is an "insider" of Calfrac under the United States Bankruptcy Code and the New York Debtor and Creditor Law and the deposit is not otherwise deemed to be to or for the benefit of such an "insider" and (2) no Holder or the Trustee is an "initial transferee" or "immediate transferee" of a "transfer" within the meaning of Section 550 of the United States Bankruptcy Code, after the 123rd day following the deposit, the trust funds will not be subject to avoidance pursuant to Section 547 of the United States Bankruptcy Code and Section 15 of the New York Debtor and Creditor Law and (b) the creation of the defeasance trust does not violate the Investment Company Act of 1940;

(8) Calfrac Holdings must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by Calfrac Holdings with the intent preferring the Holders of Notes over the other creditors of Calfrac Holdings with the intent of defeating, hindering, delaying or defrauding creditors of Calfrac Holdings or others;

(9) if the Notes are to be redeemed prior to their Stated Maturity, Calfrac Holdings must deliver to the Trustee irrevocable instructions to redeem all of the Notes on the specified redemption date;

(10) Calfrac Holdings must deliver to the Trustee an Officers' Certificate, stating that all conditions precedent set forth in clauses (1) through (9) of this Section 8.04(a) have been complied with; and

(11) Calfrac Holdings must deliver to the Trustee an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions, qualifications and exclusions), stating that all conditions precedent set forth in clause (2) or (3), as applicable, of this Section 8.04(a) have been complied with.

Section 8.05 *Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions.*

(a) Subject to Section 8.06, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee pursuant to Section 8.04 in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including Calfrac Holdings acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium and interest, but such money need not be segregated from other funds except to the extent required by law.

(b) Calfrac Holdings shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 8.04 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

(c) Anything in this Article VIII to the contrary notwithstanding, the Trustee shall deliver or pay to Calfrac Holdings from time to time upon the request of Calfrac Holdings any money or non-callable Government Securities held by it as provided in Section 8.04 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(a)), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06 *Repayment to Calfrac Holdings.*

Any money deposited with the Trustee or any Paying Agent, or then held by Calfrac Holdings, in trust for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal, and premium, if any, and interest become due and payable shall subject to applicable abandoned property law be paid to Calfrac Holdings on its request or (if then held by Calfrac Holdings) shall be discharged from such trust; and the Holder of such Note shall thereafter look only to Calfrac Holdings for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of Calfrac Holdings as trustee thereof, shall thereupon cease.

Section 8.07 *Reinstatement.*

If the Trustee or Paying Agent is unable to apply any U.S. dollars or non-callable Government Securities in accordance with Section 8.02 or Section 8.03, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then Calfrac Holdings' obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or Section 8.03 and the Guarantors' obligations under the Parent Guarantee and the respective Subsidiary Guarantees, as the case may be, shall be revised and reinstated as though no deposit had occurred pursuant to Section 8.02, in each case until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or Section 8.03, as the case may be; *provided, however,* that, if Calfrac Holdings makes any payment of principal of, premium or interest on any Note following the reinstatement of its obligations, Calfrac Holdings shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

Article IX

AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01 *Without Consent of Holders of Notes.*

(a) Notwithstanding Section 9.02, without the consent of any Holder of Notes, Calfrac Holdings, Calfrac, the Guarantors and the Trustee may amend or supplement this Indenture or the Notes:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to provide for the assumption of the Calfrac Holdings', Calfrac's or any Guarantor's obligations to Holders of Notes in the case of a merger, amalgamation or consolidation or sale of all or substantially all of Calfrac Holdings', Calfrac's or such Guarantor's assets;

(4) to make any change that would provide any additional rights or benefits to the Holders of Notes or that does not materially adversely affect the legal rights under this Indenture of any such Holder;

(5) to comply with requirements of the SEC connection with the qualification of this Indenture under the Trust Indenture Act (it being understood and agreed that this Indenture will not on the Issue Date, and need not thereafter, qualify under the Trust Indenture Act);

(6) to add any Subsidiary Guarantee or to effect the release of a Subsidiary Guarantor from its Subsidiary Guarantee and the termination of such Subsidiary Guarantee, all in

accordance with the provisions of this Indenture governing such release and termination or to otherwise comply with Section 4.16 or Section 10.04;

(7) to effect a release of the Parent Guarantee in accordance with the provisions of Section 8.02 or Section 8.03, as the case may be;

(8) to secure the Notes, the Parent Guarantee or any Subsidiary Guarantees or any other obligation under this Indenture;

(9) to evidence and provide for the acceptance of appointment by a successor Trustee;

(10) to conform the text of this Indenture or the Notes to any provision of the "Description of Notes" in the Offering Memorandum, to the extent that such provision in the "Description of Notes" in the Offering Memorandum was intended to be a verbatim recitation of a provision of this Indenture, the Parent Guarantee, the Subsidiary Guarantees or the Notes; or

(11) to provide for the issuance of Additional Notes in accordance with this Indenture.

(b) Upon the request of Calfrac Holdings accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of any documents requested under Section 7.02(b) hereof, the Trustee shall join with Calfrac Holdings in the execution of any amended or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into such amended or supplemental indenture that affects its own rights, duties or immunities under this Indenture or otherwise.

Section 9.02 *With Consent of Holders of Notes.*

(a) Except as otherwise provided in this Section 9.02, Calfrac Holdings, Calfrac, the Guarantors and the Trustee may amend or supplement this Indenture, the Notes, the Parent Guarantee or the Subsidiary Guarantees with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and, subject to Section 6.04 and Section 6.07, any existing Default or Event of Default or compliance with any provision of this Indenture or the Notes or the Parent Guarantee or the Subsidiary Guarantees may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including Additional Notes, if any) (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

(b) Calfrac Holdings may, but shall not be obligated to, fix a record date for the purpose of determining the Persons entitled to consent to any indenture supplemental hereto. If a record date is fixed, the Holders on such record date, or its duly designated proxies, and only such Persons, shall be

entitled to consent to such supplemental indenture, whether or not such Holders remain Holders after such record date.

(c) Upon the request of Calfrac Holdings accompanied by a Board Resolution authorizing the execution of any such amendment or supplement to this Indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02(b), the Trustee shall join with Calfrac Holdings in the execution of such amendment or supplement unless such amendment or supplement directly affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amendment or supplement.

(d) It shall not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

(e) After an amendment, supplement or waiver under this Section becomes effective, Calfrac Holdings shall mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of Calfrac Holdings to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment, supplement or waiver. Subject to Section 6.04 and Section 6.07, the Holders of a majority in aggregate principal amount of the then outstanding Notes (including Additional Notes, if any) may waive compliance in a particular instance by Calfrac Holdings with any provision of this Indenture, or the Notes. However, without the consent of each Holder affected, an amendment or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions, or waive any payment with respect to the redemption of the Notes (other than with respect to any required notice periods); *provided*, *however*, that solely for the avoidance of doubt, and without any other implication, any purchase or repurchase of Notes, including pursuant to Section 4.10 and Section 4.13, shall not be deemed a redemption of the Notes;

(3) reduce the rate of or change the time for payment of interest on any Note;

(4) waive a Default or Event of Default in the payment of principal of, or interest or premium, if any, on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

(5) make any Note payable in money other than U.S. dollars;

(6) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, or interest or premium, if any, on the Notes;

(7) release any Guarantor from any of its obligations under the Parent Guarantee or its Subsidiary Guarantee, as the case may be, or this Indenture, except in accordance with the terms of this Indenture;

(8) impair the right to institute suit for the enforcement of any payment on or with respect to the Notes or the Parent Guarantee or the Subsidiary Guarantees, as the case may be;

(9) amend, change or modify the obligation of Calfrac Holdings to make and consummate an Asset Sale Offer with respect to any Asset Sale in accordance with Section 4.10 after the obligation to make such Asset Sale Offer has arisen, or the obligation of Calfrac Holdings to make and consummate a Change of Control Offer in the event of a Change of Control in accordance with Section 4.13 after such Change of Control has occurred, including; in each case, amending, changing or modifying any definition relating thereto;

(10) amend or modify any of the provisions of this Indenture or the related definitions affecting the ranking of the Notes, the Parent Guarantee or any Subsidiary Guarantee in any manner adverse to the Holders of the Notes, the Parent Guarantee or any Subsidiary Guarantee; or

(11) make any change in the preceding amendment and waiver provisions.

Section 9.03 *[Reserved]*.

Section 9.04 *Revocation and Effect of Consents.*

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

Section 9.05 *Notation on or Exchange of Notes.*

(a) The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. Calfrac Holdings in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

(b) Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

Section 9.06 *Trustee to Sign Amendments, Etc.*

The Trustee shall sign any amendment or supplement to this Indenture or any Note authorized pursuant to this Article IX if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. Calfrac Holdings may not sign an amendment or supplemental indenture or Note until its Board of Directors approves it. In executing any amendment or supplement or Note, the Trustee shall receive and (subject to Section 7.01) shall be fully protected in conclusively relying upon an Officers' Certificate and an Opinion of Counsel stating that the execution of such amendment or supplement is authorized or permitted by this Indenture, and that such amendment or supplement is the legal, valid and binding obligation of Calfrac Holdings, enforceable against it in accordance with its terms.

Article X

PARENT GUARANTEE AND SUBSIDIARY GUARANTEES

Section 10.01 *Guarantee.*

(a) Subject to this Article X, each of the Guarantors hereby, jointly and severally, and fully and unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of, this Indenture, the Notes or the obligations of Calfrac Holdings hereunder or thereunder, that: (i) the principal of, premium, if any, and interest on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on, the overdue principal of, premium, if any, and interest on the Notes, if lawful (subject in all cases to any applicable grace period provided herein), and all other payment obligations of Calfrac Holdings to the Holders or the Trustee hereunder or thereunder will be promptly paid in full, all in accordance with the terms hereof and thereof; and (ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, the same will be promptly paid in full when due in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed for whatever reason, the Guarantors shall be jointly and severally obligated to pay the same immediately. Each Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

(b) The Guarantors hereby agree that, to the maximum extent permitted under applicable law, their obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against Calfrac Holdings, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Subject to Section 6.06, to the maximum extent permitted under applicable law, each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of

Calfrac Holdings, any right to require a proceeding first against Calfrac Holdings, protest, notice and all demands whatsoever and covenants that this Parent Guarantee and this Subsidiary Guarantee, as the case may be, shall not be discharged except by complete performance of the obligations contained in the Notes and this Indenture.

(c) If any Holder or the Trustee is required by any court or otherwise to return to Calfrac Holdings, the Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to any of Calfrac Holdings or the Guarantors, any amount paid by any of them to the Trustee or such Holder, this Parent Guarantee and this Subsidiary Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

(d) Each Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Guarantor further agrees that, to the maximum extent permitted by applicable law, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article VI for the purposes of this Parent Guarantee and this Subsidiary Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article VI hereof, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Parent Guarantee and this Subsidiary Guarantee. The Guarantors shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Parent Guarantee and the Subsidiary Guarantee.

Section 10.02 *Limitation on Guarantor Liability.*

Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Parent Guarantee and the Subsidiary Guarantee, as the case may be, of such Guarantor not constitute (i) a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal, state or provincial law to the extent applicable to its Parent Guarantee or its Subsidiary Guarantee, as the case may be, or (ii) an unlawful distribution under any applicable state law prohibiting shareholder distributions by an insolvent subsidiary to the extent applicable to its Parent Guarantee or its Subsidiary Guarantee, as the case may be. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of such Guarantor will be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article X, result in the obligations of such Guarantor under its Parent Guarantee or its Subsidiary Guarantee, as the case may be, not constituting a fraudulent transfer or conveyance or such an unlawful shareholder distribution.

Section 10.03 *Subsidiary Guarantors May Consolidate, Etc., on Certain Terms.*

(a) A Subsidiary Guarantor may not sell, assign, transfer, convey or otherwise dispose of all or substantially all of its assets, in one or more related transactions, to, or consolidate or amalgamate with or merge with or into (regardless of whether such Guarantor is the surviving Person), another Person, other than Calfrac or another Subsidiary Guarantor, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

(a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Guarantor) is organized or existing under the laws of (x) the United States, any state thereof or the District of Columbia, (y) Canada or any province or territory thereof or (z) the jurisdiction of organization of the Subsidiary Guarantor and assumes all the obligations of that Guarantor under this Indenture and its Subsidiary Guarantee pursuant to a supplemental indenture satisfactory to the Trustee; or

(b) such sale or other disposition or consolidation, amalgamation or merger complies with Section 4.10.

(b) In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Subsidiary Guarantee and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by a Guarantor, such successor Person shall succeed to and be substituted for a Guarantor with the same effect as if it had been named herein as a Guarantor.

(c) Except as set forth in Article V, and notwithstanding clauses (1) and (2) of Section 10.03(a), nothing contained in this Indenture or in any of the Notes shall prevent any consolidation or merger of a Subsidiary Guarantor with or into Calfrac Holdings, Calfrac or another Guarantor, or shall prevent any sale or conveyance of the property of a Subsidiary Guarantor as an entirety or substantially as an entirety to Calfrac Holdings, Calfrac or another Guarantor.

Section 10.04 *Release of Subsidiary Guarantor.*

(a) The Subsidiary Guarantee of a Guarantor will be automatically released:

(1) in connection with any sale, assignment, transfer, conveyance or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger or consolidation), in one or more related transactions, to a Person that is not (either before or after giving effect to such transaction) Calfrac or a Restricted Subsidiary of Calfrac, if the sale or other disposition does not violate Section 4.10;

(2) in connection with any sale or other disposition of the Capital Stock of a Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) a Restricted Subsidiary of Calfrac after which such Subsidiary Guarantor is no longer a Subsidiary of Calfrac, if the sale of such Capital Stock of that Subsidiary Guarantor complies with Section 4.10;

(3) if Calfrac properly designates any Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary under this Indenture;

(4) upon the release or discharge of the Indebtedness which resulted in the creation of such Subsidiary Guarantee pursuant to Section 4.16, except a discharge or release by or as a result of repayment in full or termination of such Indebtedness (other than any such Indebtedness that initially was directly Incurred by it and paid by it, in each case, in the ordinary course of business, and not as a result of the acceleration of its maturity); provided that this clause (4) will not be applicable to Calfrac Corp.; or

(5) upon Legal Defeasance, Covenant Defeasance or satisfaction and discharge of this Indenture as provided in Sections 8.02, 8.03 or 11.01(a), as the case may be.

(b) Any Subsidiary Guarantor not released from its obligations under its Subsidiary Guarantee shall remain liable for the full amount of principal of and interest on the Notes and for the other obligations of any Guarantor under this Indenture as provided in this Article X.

Section 10.05 *Execution and Delivery.*

(a) To evidence its Parent Guarantee or its Subsidiary Guarantee (as the case may be) set forth in Section 10.01 hereof, each Guarantor hereby agrees that this Indenture shall be executed by an Officer of such Guarantor.

(b) Each Guarantor hereby agrees that its Parent Guarantee or its Subsidiary Guarantee (as the case may be) set forth in Section 10.01 hereof will remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on each Note.

(c) If an Officer whose signature is on this Indenture no longer holds that office at the time the Trustee authenticates the Note, the Guarantee shall be valid nevertheless.

(d) The delivery of any Note by the Trustee, after the authentication thereof hereunder, will constitute due delivery of the Parent Guarantee and the Subsidiary Guarantee set forth in this Indenture on behalf of the Guarantors.

Section 10.06 *Benefits Acknowledged.*

Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Indenture and that the guarantee and waivers made by it pursuant to its Guarantee are knowingly made in contemplation of such benefits.

Article XI

SATISFACTION AND DISCHARGE

Section 11.01 *Satisfaction and Discharge.*

(a) This Indenture shall be discharged and shall cease to be of further effect as to all Notes issued hereunder, when:

(1) either:

(i) all Notes that have been authenticated (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to Calfrac Holdings) have been delivered to the Trustee for cancellation; or

(ii) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and Calfrac Holdings or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(3) such deposit will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which Calfrac Holdings, Calfrac or any Guarantor is a party or by which Calfrac Holdings, Calfrac or any Guarantor is bound;

(4) Calfrac Holdings or any Guarantor has paid or caused to be paid all sums payable by it under this Indenture; and

(5) Calfrac Holdings has delivered irrevocable written instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

(b) In addition, Calfrac Holdings must deliver to the Trustee (a) an Officers' Certificate, stating that all conditions precedent set forth in clauses (1) through (5) of Section 11.01(a) above have been satisfied, and (b) an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and qualifications), stating that all conditions precedent set forth in clauses (3) and (5) of Section 11.01(a) above have been satisfied; *provided* that the Opinion of Counsel with respect to clause (3) of Section 11.01(a) above may be to the knowledge of such counsel.

(c) Notwithstanding the above, the Trustee shall pay to Calfrac Holdings from time to time upon its request any cash or Government Securities held by it as provided in this section which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification delivered to the Trustee, are in excess of the amount thereof that would then be required to be deposited to effect a satisfaction and discharge under this Article XI.

(d) After the conditions to discharge contained in this Article XI have been satisfied, and Calfrac Holdings has paid or caused to be paid all other sums payable hereunder, the Trustee upon written request shall acknowledge in writing the discharge of the obligations of Calfrac Holdings and the Guarantors under this Indenture (except for those surviving obligations specified in Section 11.04).

Section 11.02 *Deposited Money and Government Securities to be Held in Trust.*

Subject to Section 11.03 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee pursuant to Section 11.01 hereof in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including Calfrac Holdings acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

Section 11.03 *Survival.*

In the event that Calfrac Holdings makes (or causes to be made) an irrevocable deposit with the Trustee for the benefit of the Holders pursuant to Section 11.01(a) hereof, prior to the date of maturity or redemption, as the case may be, the following provisions of this Indenture shall survive until otherwise terminated or discharged hereunder:

(a) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due from the trust;

(b) Calfrac Holdings' obligations with respect to such Notes under Article II and Section 4.02 hereof;

(c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and Calfrac Holdings' obligations in connection therewith; and

(d) this Article XI.

Section 11.04 *Reinstatement.*

If the Trustee or Paying Agent is unable to apply any Government Securities in accordance with Section 11.02 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then Calfrac Holdings' obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 11.01(a)(2) hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 11.02 hereof; *provided, however,* that, if Calfrac Holdings makes any payment of principal of, premium, if any, and interest, if any, on any Note following the reinstatement of its obligations, Calfrac Holdings shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

Article XII

MISCELLANEOUS

Section 12.01 *[Reserved]*.

Section 12.02 *Notices.*

(a) Any notice or communication by Calfrac Holdings, Calfrac, any of the Guarantors or the Trustee to the others is duly given if in writing and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), or overnight air courier guaranteeing next day delivery, to the others' address:

If to Calfrac Holdings, Calfrac and/or any Guarantor:

c/o Calfrac Well Services Ltd.
411-8th Avenue S.W.
Calgary, Alberta T2P lE3
Facsimile: (403) 266-7381
Attention: Chief Financial Officer

If to the Trustee:

Wells Fargo Bank, National Association
333 S. Grand Ave, 5th Floor

Los Angeles, California 90071

Attention: Corporate Trust Service – Administrator
for Calfrac Holdings Inc.

(b) Calfrac Holdings, Calfrac, the Guarantors or the Trustee, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

(c) All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; three Business Days after being deposited in the mail, postage prepaid, if mailed; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

(d) Any notice or communication to a Holder shall be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Notwithstanding any other provision of this Indenture or any Note, where this Indenture or any Note provides for notice of any event (including any notice of redemption or repurchase) to a Holder of a global note (whether by mail or otherwise), such notice shall be sufficiently given if given to Depositary (or its designee) pursuant to the standing instructions from Depositary or its designee, including by electronic mail in accordance with Depositary operational arrangements or other Applicable Procedures. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

(e) Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance on such waiver.

(f) In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

(g) If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

(h) If Calfrac Holdings mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

Section 12.03 *[Reserved]*.

Section 12.04 *Certificate and Opinion as to Conditions Precedent.*

Upon any request or application by Calfrac Holdings to the Trustee to take any action under this Indenture, Calfrac Holdings shall furnish to the Trustee:

(i) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.05 hereof) stating that, in the opinion of the signatories, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(ii) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.05 hereof) stating that, in the opinion of such counsel (who may rely upon an Officers' Certificate as to matters of fact), such action is authorized or permitted by this Indenture and all such conditions precedent and covenants have been satisfied.

Section 12.05 *Statements Required in Certificate or Opinion.*

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture and shall include:

(i) a statement that the Person making such certificate or opinion has read such covenant or condition;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

Section 12.06 *Rules by Trustee and Agents.*

The Trustee may make reasonable rules for actions taken by, or meetings or consents of, Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 12.07 *No Personal Liability of Directors, Officers, Employees and Stockholders.*

No director, officer, employee, incorporator, stockholder, shareholder, member, manager or partner of Calfrac Holdings, Calfrac or any Subsidiary Guarantor, as such, shall have any liability for any obligations of Calfrac Holdings, Calfrac or the Subsidiary Guarantors under the Notes, this Indenture, the Parent Guarantee, the Subsidiary Guarantees, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. This waiver and release are part of the consideration for issuance of the Notes.

Section 12.08 *Governing Law.*

THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE AND THE NOTES.

Section 12.09 *Waiver of Jury Trial.*

EACH OF CALFRAC HOLDINGS, CALFRAC, THE SUBSIDIARY GUARANTORS AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES, THE PARENT GUARANTEE, THE SUBSIDIARY GUARANTEES OR THE TRANSACTIONS CONTEMPLATED THEREBY.

Section 12.10 *Agent for Service; Submission to Jurisdiction; Waiver of Immunities.*

By the execution and delivery of this Indenture, each of Calfrac Holdings, Calfrac and the Subsidiary Guarantors (i) acknowledges that it has, by separate written instrument, designated and appointed Corporation Service Company as its authorized agent upon which process may be served in any suit, action or proceeding arising out of or relating to the Notes, this Indenture, the Parent Guarantee and the Subsidiary Guarantees that may be instituted in any Federal or State court in the State of New York, Borough of Manhattan, or brought under United States Federal or State securities laws or brought by the Trustee (whether in its individual capacity or in its capacity as Trustee hereunder), and acknowledges that Corporation Service Company has accepted such designation, (ii) submits to the jurisdiction of any such court in any such suit, action or proceeding, and (iii) agrees that service of process upon Corporation Service Company at 1133 Avenue of the Americas, New York, New York 10036 and written notice of said service to Calfrac Holdings (mailed or delivered to Calfrac Holdings' Corporate Secretary at the office as specified in Section 12.02 hereof), shall be deemed in every respect effective service of process upon it in any such suit or proceeding. Each of Calfrac Holdings, Calfrac and each Subsidiary Guarantor further agrees to take any and all action, including the execution and filing of any and all such documents and instruments as may be necessary to continue such designation and appointment of Corporation Service Company, in full force and effect so long as this Indenture shall be in full force and effect; *provided* that Calfrac Holdings may and shall (to the extent Corporation Service Company ceases to be able to be served on the basis contemplated herein), by written notice to the Trustee, designate such additional or alternative agent for service of process under this Section 12.10 that (i) maintains an office located in the Borough of Manhattan, The City of New York in the State of New York, (ii) is either (x) counsel for Calfrac Holdings or (y) a corporate service company which acts as agent for service of process for other reasons in the ordinary course of its business and (iii) agrees to act as agent for service of process in accordance with this Section 12.10, but in any event, there shall, at all times, be at least one agent for service of process for Calfrac Holdings, Calfrac and any Subsidiary Guarantors, if any, appointed and acting in accordance with this Section 12.10. Such notice shall identify the name of such agent for process and the address of such agent for process in the Borough of Manhattan, The City of New York, State of New York. Upon the request of any Holder, the Trustee shall deliver such information to such Holder. Notwithstanding the foregoing, any action against Calfrac Holdings, Calfrac

or any Subsidiary Guarantor arising out, or based on, this Indenture or any Note may also instituted by the Holder of such Note in any court in the jurisdiction of organization of Calfrac Holdings, Calfrac or any Subsidiary Guarantor, as the case may he, and each of them accepts jurisdiction of such court in any such action.

To the extent that Calfrac Holdings, Calfrac or any Subsidiary Guarantor, or any of its properties, assets or revenues, may have or may hereafter become entitled to, or have attributed to it or such properties, assets or revenue, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any thereof, from set-off or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising but of or in connection with this Indenture, the Notes, the Parent Guarantee or the Subsidiary Guarantees, each of Calfrac Holdings, Calfrac and the Subsidiary Guarantors, to the maximum extent permitted by law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

Section 12.11 *Judgment Currency.*

Calfrac Holdings agrees to indemnify the Trustee and each Holder against any loss incurred by it as a result of any judgment or order being given or made and expressed and paid in a currency (the "*Judgment Currency*") other than U.S. dollars and as a result of any variation as between (i) the rate of exchange at which the United States dollar amount is converted into the Judgment Currency for the purpose of such judgment or order and (ii) the spot rate of exchange in The City of New York at which the Trustee or such Holder on the date of payment of such judgment or order is able to purchase United States dollars with the amount of the Judgment Currency actually received by the Trustee or such Holder. The foregoing indemnity shall constitute a separate and independent obligation of Calfrac Holdings and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "*spot rate of exchange*" shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, United States dollars.

Section 12.12 *No Adverse Interpretation of Other Agreements.*

This Indenture may not be used to interpret any other indenture, loan or debt agreement of Calfrac or any of its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 12.13 *Successors.*

All agreements of Calfrac Holdings in this Indenture and the Notes shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors. All of the respective agreements of each of Calfrac and the Guarantors in this Indenture shall bind Calfrac and such Guarantors' respective successors, except as otherwise expressly provided in Section 5.01 or Section 10.04, as the case may be.

Section 12.14 *Severability.*

In case any provision in this Indenture or the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 12.15 *Counterpart Originals.*

The parties may sign any number of copies of this Indenture or the Notes. Each signed copy shall be an original, but all of them together represent the same agreement. Delivery of an executed counterpart of a signature page to this Indenture by facsimile, email or other electronic means shall be effective as delivery of a manually executed counterpart of this Indenture.

Section 12.16 *Benefit of Indenture.*

Nothing in this Indenture, the Notes, the Parent Guarantee or the Subsidiary Guarantees, express or implied, shall give to any Person, other than the parties hereto, any Paying Agent, any Registrar and its successors hereunder, and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 12.17 *Table of Contents, Headings, Etc.*

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

Section 12.18 U*.S.A. Patriot Act.*

The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

Section 12.19 *Force Majeure.*

In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed, all as of the day and year first above written.

CALFRAC HOLDINGS LP

By: Calfrac (Canada) Inc.,
its general partner

By: _____
Fernando Aguilar
President and Chief Executive Officer

CALFRAC WELL SERVICES LTD.

By: _____
Fernando Aguilar
President and Chief Executive Officer

CALFRAC WELL SERVICES CORP.

By: _____
Fernando Aguilar
Chief Executive Officer

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed, all as of the day and year first above written.

CALFRAC HOLDINGS LP

By: Calfrac (Canada) Inc.,
its general partner

By: _____
Name:
Title:

CALFRAC WELL SERVICES LTD.

By: _____
Name:
Title:

CALFRAC WELL SERVICES CORP.

By: _____
Name:
Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: _____
Name: Yana Kisienko
Title: Vice President

EXHIBIT A

[Face of Note]

[**If a Global Note, insert** — THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.07 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.07(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.12 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO CALFRAC HOLDINGS OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

[**If a Restricted Global Note or a Restricted Definitive Note, insert** — THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH CALFRAC HOLDINGS LP (THE "ISSUER") OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT

OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.]

[**If a Restrictive Global Note or a Restrictive Definitive Note, insert** — UNLESS PERMITTED UNDER APPLICABLE SECURITIES LEGISLATION IN CANADA, THE HOLDER OF THIS NOTE MUST NOT TRADE THIS NOTE IN CANADA BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF: (A) MAY 30, 2018, AND (B) THE DATE THE COMPANY BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.]

[**If the Notes are issued with original issue discount, insert** — THIS SECURITY IS BEING ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. FOR INFORMATION REGARDING THE ISSUE PRICE, THE TOTAL AMOUNT OF ORIGINAL ISSUE DISCOUNT, THE ISSUE DATE, AND THE YIELD TO MATURITY OF THE SECURITY, PLEASE CONTACT CALFRAC WELL SERVICES LTD., 411 – 8TH AVENUE S.W., CALGARY, ALBERTA T2P 1E3, ATTENTION: CHIEF FINANCIAL OFFICER.]

No. _____ US$_____ CUSIP _____

CALFRAC HOLDINGS LP
8.50% SENIOR NOTES DUE 2026

Issue Date: _____

CALFRAC HOLDINGS LP, a Delaware limited partnership (the "*Company*," which term includes any successor under the Indenture hereinafter referred to), for value received, promises to pay to [**if a Global Note, insert** - CEDE & CO., as nominee for The Depository Trust Company] or its registered assigns, the principal sum of _____ United States Dollars [**if a Global Note, -insert** - , or such other principal amount as shall be set forth on the "Schedule of Exchanges of Interests in the Global Note" attached hereto,] on June 15, 2026.

Interest Payment Dates: June 15 and December 15, commencing December 15, 2018.

Record Dates: June 1 and December 1.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by its duly authorized officer.

CALFRAC HOLDINGS LP

By: Calfrac (Canada) Inc.,
its general partner

By:_____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION
This is one of the 8.50% Senior Notes due 2026 described in the within-mentioned Indenture.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: _____ Dated: _____
Authorized Signatory

[Reverse Side of Note]
CALFRAC HOLDINGS LP
8.50% Senior Notes due 2026

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. *Interest*. The Company promises to pay interest on the principal amount of this Note at 8.50% per annum until maturity. The Company shall pay interest semi-annually in arrears on June 15 and December 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an "*Interest Payment Date*"). Interest on overdue principal and interest will accrue at the applicable interest rate on the Notes. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; *provided* that the first Interest Payment Date shall be December 15, 2018. The Company shall pay interest on overdue principal at the rate borne by the Notes, and it shall pay interest on overdue installments of interest at the same rate to the extent lawful. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months. If an Interest Payment Date falls on a day that is not a Business Day, the interest payment to be made on such Interest Payment Date will be made on the next succeeding Business Day with the same force and effect as if made all such Interest Payment Date, and no additional interest will accrue as a result of such delayed payment.

2. *Method of Payment*. The Company shall pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the June 1 or December 1 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.15 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium and interest at the office or agency of the Paying Agent and Registrar within the City and State of New York, or, at the option of the Company, payment of interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of and interest and premium, if any, on, all Global Notes and all other Notes the Holders of which will have provided wire transfer instructions to the Company or the Paying Agent. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. *Paying Agent and Registrar*. Initially, the Trustee under the Indenture shall act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without prior notice to any Holder. Calfrac or any of its Restricted Subsidiaries may act in any such capacity.

4. *Indenture*. The Company issued the Notes under an Indenture dated as of May 30, 2018 (the "*Indenture*"), among the Company, the Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Indenture pursuant to which this Note is issued provides that an unlimited aggregate principal amount of Additional Notes may be issued thereunder.

5. *Optional Redemption*. (a) Except as set forth in paragraphs 5(b), (c) and (d) below, the Company shall not have the option to redeem the Notes prior to June 15, 2021. On or after June 15, 2021, the Company may redeem all or a portion of the Notes upon not less than 15 days' nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest to the applicable redemption date, if redeemed during the

twelve-month period beginning on June 15 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant Interest Payment Date:

Year	Percentage
2021	106.375%
2022	104.250%
2023	102.125%
2024 and thereafter	100.000%

(b) At any time prior to June 15, 2021, the Company may, on one or more occasions, redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture (including any Additional Notes) at a redemption price of 108.50% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, subject to the rights of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, with the net cash proceeds of one or more Equity Offerings; *provided* that (1) at least 65% of the aggregate principal amount of Notes issued under the Indenture (including any Additional Notes) remains outstanding immediately after the occurrence of such redemption (excluding Notes held by the Company or its Affiliates); and (2) the redemption must occur within 90 days of the date of the closing of such Equity Offering.

(c) At any time prior to June 15, 2021, the Company may redeem the Notes in whole or in part, at 100.0% of the principal amount of the Notes redeemed plus Make-Whole Premium, plus accrued and unpaid interest to the redemption date subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date. "*Make-Whole Premium*" with respect to a Note means the greater of:

(1) 1.0% of the principal amount of such Note; and

(2) the excess, if any, of:

(i) the present value of the remaining interest, premium, if any, and principal payments due on such Note as if such Note were redeemed on June 15, 2021 (excluding accrued and unpaid interest to such redemption date), computed using a discount rate equal to the Treasury Rate plus 50 basis points over,

(ii) the outstanding principal amount of such Note.

"*Treasury Rate*" means the yield to maturity at the time of the computation of United States Treasury securities with a constant maturity (as compiled by and published in the most recent Federal Reserve Statistical Release H.l5(519), which has become publicly available at least two Business Days prior to the date of the redemption notice or, if such Statistical Release is no longer published, any publicly available source of similar market date) most nearly equal to the then remaining maturity of the Notes assuming redemption of the Notes on June 15, 2021; *provided, however*, that if the Make-Whole Average Life of such Notes is not equal to the constant maturity of the United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the Make-Whole Average Life of such Notes is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used. "*Make-Whole Average Life*" means the number of years (calculated to the nearest one-twelfth) between the date of redemption and June 15, 2021.

(d) The Company may at any time, at its option, redeem, in whole but not in part, upon not less than 15 nor more than 60 days' notice, the outstanding Notes at a redemption price of 100% of the principal amount thereof plus accrued and unpaid interest to the date of redemption upon the occurrence of an event specified in clause (1) or clause (2) below that results in an obligation to pay any Additional Amounts or any Reimbursement Payments in respect of the Notes:

(1) any change in or amendment to the laws (or regulations promulgated thereunder, rulings, technical interpretations, interpretation bulletins or information circulars) of any Taxing Authority, or

(2) any change in or amendment to any official position regarding the application, administration or interpretation of such laws, regulations, rulings, technical interpretation, interpretation bulletins or information circulars (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment is announced or is effective on or after the Issue Date (without regard to whether any Guarantor is or has been making any payments under the Notes prior to, at or after the time such change or amendment is announced or effective).

(e) At any time prior to December 15, 2019, Calfrac Holdings may redeem up to 10% of the aggregate principal amount of the Notes (including any Additional Notes) at a redemption price of 108.50% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date, with the net cash proceeds of one or more Asset Sales; provided that the redemption must occur within 90 days of the receipt of proceeds in connection with such Asset Sale. Unless Calfrac Holdings defaults in the payment of the redemption price, interest will cease to accrue on the notes or portions thereof called for redemption on the applicable redemption date.

6. *Repurchase at Option of Holder*. (a) If a Change of Control occurs, the Company shall be required to make an offer to each Holder of Notes to repurchase all or any part (equal to US$2,000 and integral multiples of US$1,000 in excess thereof) of that Holder's Notes pursuant to an offer (a "*Change of Control Offer*") on the terms set forth in the Indenture. In the Change of Control Offer, the Company will offer a payment (a "*Change of Control Payment*") in cash equal to not less than 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, to the date of repurchase (the "*Change of Control Payment Date*," which date shall be no earlier than the date of such Change of Control). No later than 30 days following any Change of Control, the Company shall mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the Change of Control Payment Date specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the Indenture and described in such notice. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer.

If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Company, or any third party making a Change of Control Offer in lieu of the Company as described in Section 4.l3 of the Indenture, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Company shall have the right, upon not less than 15 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described in Section 4.13 of the Indenture, to redeem all Notes that remain outstanding following such purchase at a redemption price in

cash equal to the applicable Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, to the date of redemption.

(b) If Calfrac or a Restricted Subsidiary of Calfrac consummates any Asset Sales, within 10 Business Days of each date on which the aggregate amount of Excess Proceeds exceeds US$20.0 million, the Company shall make an offer (an "*Asset Sale Offer*") to all Holders of Notes and all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets, in accordance with Section 4.10 of the Indenture, to purchase the maximum principal amount of Notes and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash, all in accordance with the procedures set forth in the Indenture. Calfrac Holdings may satisfy the foregoing obligation with respect to such Excess Proceeds from an Asset Sale by making an Asset Sale Offer in advance of being required to do so by the Indenture (an "*Advance Offer*") with respect to all or part of the available Excess Proceeds (the "*Advance Portion*"). If any Excess Proceeds remain unapplied after consummation of an Asset Sale Offer, Calfrac and its Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and the Company or the respective agent for such other *pari passu* Indebtedness shall select such other *pari passu* Indebtedness to be purchased on a pro rata basis (with such adjustments as may be deemed appropriate by the Trustee so that only Notes in denominations of US$2,000, or in integral multiples of US$1,000 in excess thereof, shall be purchased, and the Company or the respective agent for such other *pari passu* Indebtedness shall make such adjustments as deemed appropriate for such other *pari passu* Indebtedness). Holders of Notes that are the subject of an offer to purchase will receive notice of an Asset Sale Offer from the Company prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled "Option of Holder to Elect Purchase" attached to this Note. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero (regardless of whether there are any remaining Excess Proceeds upon such completion), and in the case of an Advance Offer, the Advance Portion shall be excluded in subsequent calculations of Excess Proceeds.

7. *Denominations, Transfer, Exchange*. The Notes are in registered form without interest coupons in minimum denominations of US$2,000 and integral multiples of US$1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company is not required to transfer or exchange any Note selected for redemption. Also, the Company is not required to (a) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of Notes for redemption under Section 3.02 under the Indenture and ending at the close of business on the day of such mailing, (b) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part, (c) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date or (d) to register the transfer of or to exchange a Note tendered and not withdrawn in connection with a Change of Control Offer or an Asset Sale Offer. Transfer may be restricted as provided in the Indenture.

8. *Persons Deemed Owners*. The registered Holder of a Note will be treated as its owner for all purposes.

9. *Amendment, Supplement and Waiver*. Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). Without the consent of any Holder of a Note, the Indenture or the Notes may be amended or supplemented to, among other things, cure any ambiguity, defect or inconsistency, or make any change that does not materially adversely affect the legal rights under the Indenture of any such Holder.

10. *Defaults and Remedies*. To the extent permitted by applicable law, in the case of an Event of Default arising from events of bankruptcy or insolvency specified in clause (9) or (10) of Section 6.01(a) of the Indenture, with respect to the Company, any Restricted Subsidiary that is a Significant Subsidiary of Calfrac, or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary of Calfrac, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately by notice in writing to the Company specifying the Event of Default. Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any Default or Event of Default (except a Default or Event of Default relating to the payment of principal, premium or interest) if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes. The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture, except a continuing Default or Event of Default in the payment of interest on, or the principal of, the Notes. The Holders of a majority in principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders of Notes not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders of Notes.

11. *Trustee Dealings with Company*. The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may become a creditor of, or otherwise deal with Calfrac or any of its Affiliates, with the same rights it would have if it were not Trustee.

12. *No Recourse Against Others*. No director, officer, employee, incorporator, stockholder, shareholder, member, manager or partner of the Company, Calfrac or any Subsidiary Guarantor, as such, shall have any liability for any obligations of the Company, Calfrac or the Guarantors under the Notes, the Indenture, the Parent Guarantee, the Subsidiary Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. This waiver and release are part of the consideration for issuance of the Notes.

13. *Authentication*. This Note shall not be valid until authenticated by the manual signature of the Trustee.

14. *CUSIP Numbers*. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

15. *Guarantee*. The Company's obligations under the Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

16. *Governing Law.* THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS NOTE.

17. *Copies of Documents*. The Company shall furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

c/o Calfrac Well Services Ltd.
411 - 8th Avenue S.W.
Calgary, Alberta T2P IE3
Attention: Chief Financial Officer

Assignment Form

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to: _____
(Insert assignee's legal name)

(Insert assignee's soc. sec. or tax I.D. no.)
(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee*: _____

*Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.13 of the Indenture, check the appropriate box below:

☐ Section 4.10 ☐ Section 4.13

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.13 of the Indenture, state the amount you elect to have purchased: US$_____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: _____

Signature Guarantee*: _____

*Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

[**If a Global Note, insert as a separate page** —

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of Decrease in Aggregate Principal Amount of this Global Note	Amount of Increase in Aggregate Principal Amount of this Global Note	Aggregate Principal Amount of this Global Note Following such decrease (or increase)	Signature of Authorized Signatory of Trustee or Custodian

EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

Calfrac Holding LP
411 – 8th Avenue S.W.
Calgary, Alberta T2P 1 E3
Attention: Chief Financial Officer

Wells Fargo Bank, National Association,
as Trustee and Registrar – DAPS Reorg

600 South Fourth Street, 7th Floor
MAC N9300-070
Minneapolis, Minnesota 55415
Telephone No.: (877) 344-5128
Fax No.: (866) 969-1290
Email: DAPSReorg@wellsfargo.com

Re: 8.50% Senior Notes due 2026

Reference is hereby made to the Indenture, dated as of May 30, 2018 (as amended or supplemented and in effect, the "*Indenture*"), among Calfrac Holdings LP, a Delaware limited partnership (the "*Company*"), Calfrac Well Services Ltd., an Alberta corporation, the Guarantors named therein and Wells Fargo Bank, National Association, a national banking association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the "*Transferor*") owns and proposes to transfer the Note(s) or interest in such Note(s) specified in Annex A, hereto, in the principal amount at maturity of US$_____ _____ in such Note(s) or interests (the "*Transfer*"), to _____ (the "*Transferee*"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

☐ 1. Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Definitive Note Pursuant to Rule 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the "*Securities Act*"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Definitive Note and in the Indenture and the Securities Act.

☐ 2. Check if Transferee will take delivery of a beneficial interest in a Regulation S Global Note, or a Definitive Note pursuant to Regulation S. The Transfer is being effected pursuant to

and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note and/or the Definitive Note and in the Indenture and the Securities Act.

☐ 3. Check and complete if Transferee will take delivery of a Restricted Definitive Note pursuant to any provision of the Securities Act other than Rule 144, Rule 144A or Regulation S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

☐ (a) such Transfer is being effected to the Parent, the Company or a subsidiary thereof; or

☐ (b) such Transfer is being effected to an Institutional Accredited Investor and pursuant to an exemption from the registration requirements of the Securities Act other than Rule 144A, Rule 144 or Rule 904, and the Transferor hereby further certifies that it has not engaged in any general solicitation within the meaning of Regulation D under the Securities Act and the Transfer complies with the transfer restrictions applicable to Restricted Definitive Notes and the requirements of the exemption claimed, which certification is supported by (1) a certificate executed by the Transferee in the form of Exhibit D to the Indenture and (2) an Opinion of Counsel provided by the Transferor or the Transferee (a copy of which the Transferor has attached to this certification), to the effect that such Transfer is in compliance with the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Definitive Notes and in the Indenture and the Securities Act.

☐ 4. Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Note or of an Unrestricted Definitive Note.

☐ (a) Check if Transfer is Pursuant to Rule 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

☐ (b) Check if Transfer is Pursuant to Regulation S. (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United Stales and, in the case of a transfer from a Restricted Global Note or a Restricted Definitive Note, the Transferor hereby further certifies that (a) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United Stales or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (b) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (c) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (d) the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person, and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

☐ (c) Check if Transfer is Pursuant to Other Exemption. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

Dated: _____

_____
[Insert Name of Transferor]

By: _____
Name:
Title:

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

☐ (a) a beneficial interest in the:

(i) 144A Global Note (CUSIP 12958RAD9); or

(ii) Regulation S Global Note (CUSIP U1255TAA1); or

☐ (b) a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

☐ (a) a beneficial interest in the:

(i) 144A Global Note (CUSIP 12958RAD9); or

(ii) Regulation S Global Note (CUSIP U1255TAA1); or

(iii) Unrestricted Global Note (CUSIP _____); or

☐ (b) a Restricted Definitive Note; or

☐ (c) an Unrestricted Definitive Note,

in accordance with the terms of the Indenture.

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

Calfrac Holding LP
411 – 8th Avenue S.W.
Calgary, Alberta T2P 1 E3
Attention: Chief Financial Officer

Wells Fargo Bank, National Association,
as Trustee and Registrar – DAPS Reorg

600 South Fourth Street, 7th Floor
MAC N9300-070
Minneapolis, Minnesota 55415
Telephone No.: (877) 344-5128
Fax No.: (866) 969-1290
Email: DAPSReorg@wellsfargo.com

Re: 8.50% Senior Notes due 2026

Reference is hereby made to the Indenture, dated as of May 30, 2018 (as amended or supplemented and in effect, the "*Indenture*"), among Calfrac Holdings LP, a Delaware limited partnership (the "*Company*"), Calfrac Well Services Ltd., an Alberta corporation, the Guarantors named therein and Wells Fargo Bank, National Association, a national banking association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the "*Owner*") owns and proposes to exchange the Note(s) or interest in such Note(s) specified herein, in the principal amount at maturity of US$ ____ in such Note(s) or interests (the "*Exchange*"). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Definitive Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Definitive Notes or Beneficial Interests in an Unrestricted Global Note D.

☐ (a) Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount at maturity, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the "*Securities Act*"), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

☐ (b) Check if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Definitive Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such

Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

☐ (c) Check if Exchange is from Restricted Definitive Note to beneficial interest in an Unrestricted Global Note. In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

☐ (d) Check if Exchange is from Restricted Definitive Note to Unrestricted Definitive Note. In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. Exchange of Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes for Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes.

☐ (a) Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Definitive Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount at maturity, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

☐ (b) Check if Exchange is from Restricted Definitive Note to beneficial interest in a Restricted Global Note. In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the

[CHECK ONE]

☐ 144A Global Note,

☐ Regulation S Global Note,

with an equal principal amount at maturity, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in

compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

_____

[Insert Name of Transferor]

By:_____

Name:

Title:

EXHIBIT D

FORM OF CERTIFICATE FROM
ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR

Calfrac Holding LP
411 – 8th Avenue S.W.
Calgary, Alberta T2P 1 E3
Attention: Chief Financial Officer

Wells Fargo Bank, National Association,
as Trustee and Registrar – DAPS Reorg

600 South Fourth Street, 7th Floor
MAC N9300-070
Minneapolis, Minnesota 55415
Telephone No.: (877) 344-5128
Fax No.: (866) 969-1290
Email: DAPSReorg@wellsfargo.com

Re: 8.50% Senior Notes due 2026

Reference is hereby made to the Indenture, dated as of May 30, 2018 (as amended or supplemented and in effect, the "*Indenture*"), among Calfrac Holdings LP, a Delaware limited partnership (the "*Company*"), Calfrac Well Services Ltd., an Alberta corporation, the Guarantors named therein and Wells Fargo Bank, National Association, a national banking association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

In connection with our proposed purchase of US$ _____ aggregate principal amount of:

(a) ☐ beneficial interest in a Global Note, or

(b) ☐ a Definitive Note,

we confirm that:

1. We understand that any subsequent transfer of the Notes or any interest therein is subject to certain restrictions and conditions set forth in the Indenture and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes or any interest therein except in compliance with, such restrictions and conditions and the Securities Act of 1933, as amended (the "*Securities Act*").

2. We understand that the offer and sale of the Notes have not been registered under the Securities Act, and that the Notes and any interest therein may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell the Notes or any interest therein, we shall do so only (A) to the Company or any subsidiary thereof, (B) in accordance with Rule 144A under the Securities Act to a "qualified institutional buyer" (as defined therein), (C) to an institutional "accredited investor" (as defined below) that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to you and to the Company a signed letter substantially in the form of this letter and an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such transfer is in compliance with the

Securities Act, (D) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, (E) pursuant to the provisions of Rule 144(k) under the Securities Act or (F) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to any person purchasing the Definitive Note or beneficial interest in a Global Note from us in a transaction meeting the requirements of clauses (A) through (E) of this paragraph a notice advising such purchaser that resales thereof are restricted as stated herein.

3. We understand that, on any proposed resale of the Notes or beneficial interest therein, we will be required to furnish to you and the Company such certifications, legal opinions and other information as you and the Company may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Notes purchased by us will bear a legend to the foregoing effect.

4. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

5. We are acquiring the Notes or beneficial interest therein purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion.

The Trustee and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

Dated: _____

_____
[Insert Name of Accredited Investor/Transferor]

By:_____
Name:
Title:

EXHIBIT E

FORM OF SUPPLEMENTAL INDENTURE
TO BE DELIVERED BY SUBSEQUENT GUARANTORS

Supplemental Indenture (this "*Supplemental Indenture*"), dated as of _____, 20____ among _____ (the "*Guaranteeing Subsidiary*"), a subsidiary of Calfrac Well Services Ltd. (or its permitted successor), an Alberta corporation ("*Calfrac*"), Calfrac Holdings LP, a Delaware limited partnership ("*Calfrac Holdings*"), Calfrac, the Guarantors (as defined in the Indenture referred to herein) and Wells Fargo Bank, National Association, a national banking association (or its permitted successive successors), as trustee under the Indenture referred to below (the "*Trustee*").

W I T N E S S E T H

WHEREAS, Calfrac Holdings has heretofore executed and delivered to the Trustee an indenture dated as of May 30, 2018 (as amended or supplemented and in effect, the "*Indenture*") providing for the issuance of its 8.50% Senior Notes due 2026 (the "*Notes*");

WHEREAS, Section 4.16 of the Indenture provides that the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall become a Guarantor (as defined in the Indenture); and

WHEREAS, pursuant to Section 9.06 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary, Calfrac Holdings, Calfrac, the Guarantors and the Trustee agree as follows for the equal and ratable benefit or the Holders of the Notes:

1. *Capitalized Terms*. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. *Agreement to Guarantee*. The Guaranteeing Subsidiary hereby provides an unconditional Subsidiary Guarantee on the terms and subject to the conditions set forth in the Indenture, including but not limited to Article X thereof.

3. *Execution and Delivery*. The Subsidiary Guarantees shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Subsidiary Guarantee.

4. *No Recourse Against Others*. Pursuant to Section 12.07 of the Indenture, no director, officer, employee, incorporator, stockholder, shareholder, member, manager or partner of the Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Guaranteeing Subsidiary under the Notes, the Indenture, this Supplemental Indenture, or for any claim based on, in respect of or by reason of, such obligations or their creation.

5. *NEW YORK LAW TO GOVERN*. THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE.

6. *Counterparts*. The parties hereto may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. Delivery of an executed counterpart of a signature page to this Supplemental Indenture by facsimile, email or other electronic means shall be effective as delivery of a manually executed counterpart of this Supplemental Indenture.

7. *Effect of Headings*. The Section headings herein are for convenience only and shall not affect the construction hereof.

8. *The Trustee*. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary and the Company.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

[NAME OF GUARANTEEING SUBSIDIARY]

By:_____
Name:
Title:

CALFRAC HOLDINGS LP

By: Calfrac (Canada) Inc.,
its general partner

By:_____
Name:
Title:

CALFRAC WELL SERVICES LTD.

By:_____
Name:
Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
AS TRUSTEE

By:_____
Name:
Title:

[EACH THEN EXISTING GUARANTOR]

By:_____
Name:
Title:

Exhibit "11"

THIS IS EXHIBIT " 11 " REFERRED TO IN
THE AFFIDAVIT OF RONALD P. MATHISON
AFFIRMED BEFORE ME THIS 13th DAY OF
JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Simard

From: Ronald Mathison [RonM@matcocap.com]
Sent: Thursday, November 17, 2016 3:48 PM
To: Morgan Neff; Kundagrami, Shauvik; Kordas, Robert (Kordas, Robert); Campos, Jorge
Cc: Matt Wilks
Subject: (EXTERNAL) RE: CFWCN

Thanks for your note.
Happy to chat if that is something you would like to do.

From: Morgan Neff [mailto:Mneff@wilksbrothers.com]
Sent: Thursday, November 17, 2016 1:11 PM
To: Kundagrami, Shauvik ; Kordas, Robert (Kordas, Robert) ; Campos, Jorge ; Ronald Mathison
Cc: Matt Wilks
Subject: CFWCN

Ron,

I sent the below message to RBC back in August. We own 9.27% of CalFrac common and believe this should be explored for the benefit of all stakeholders. Since we both think alike, I am sure this already of consideration.

Thank you-

Morgan D. Neff
Wilks Brothers, LLC.
817-850-3600
mneff@wilksbrothers.com

From: Morgan Neff
Sent: Tuesday, August 02, 2016 12:33 PM
To: 'Kundagrami, Shauvik' <Shauvik.Kundagrami@rbccm.com>; Kordas, Robert (Kordas, Robert) <robert.kordas@rbccm.com>
Cc: Matt Wilks <mwilks@ie-llc.net>
Subject: CFWCN

I hope you are helping them explore punting their international businesses, LATAM and Russia. Only meaningful way to generate cash to actually improve their leverage profile without dismantling their core ops.

Last time I checked, neither of these business were generating an annual 20% return. Their bonds on the other hand.....

Exhibit "12"

THIS IS EXHIBIT " 12 " REFERRED TO IN
THE AFFIDAVIT OF RONALD P. MATHISON
AFFIRMED BEFORE ME THIS 13th DAY OF
JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Simard

EARLY WARNING REPORT
Form 62-103F1

Required Disclosure under the Early Warning Requirements

State if this report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

This report relates to common shares ("**Common Shares**") of Calfrac Well Services Ltd. (the "**Issuer**"). The Issuer's head office is located at:

411 – 8th Avenue S.W.
Calgary, AB
T2P 1E3

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Toronto Stock Exchange

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

Wilks Brothers, LLC ("**Wilks LLC**") and Dan and Staci Wilks (the "**Wilkses**" and together with Wilks LLC, the "**Acquirors**")
17010 Interstate 20
Cisco, TX 76437

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On November 22, 2017, Wilks LLC acquired 17,000 Common Shares and the Wilkses acquired 423,000 Common Shares at a price of approximately $5.98 per Common Share for a total of $2,631,200 ($101,660 and $2,529,540, respectively) through the facilities of the Toronto Stock Exchange. Prior to such acquisition, the Acquirors together held 28,280,172 Common Shares representing approximately 19.68% of the issued and outstanding Common Shares (the 17,370,695 Common Shares held by Wilks LLC representing approximately 12.09% of the issued and outstanding Common Shares and the 10,909,477 Common Shares held by the Wilkses representing approximately 7.59% of the issued and outstanding Common Shares). Following the acquisition, the Acquirors together hold 28,720,172 Common Shares representing approximately 19.98% of the issued and outstanding Common Shares (the 17,387,695 Common Shares held by Wilks LLC representing approximately 12.10% of the issued and outstanding Common Shares and the 11,332,474 Common Shares held by the

Wilkses representing approximately 7.88% of the issued and outstanding Common Shares).

2.3 State the names of any joint actors.

Each of Wilks LLC and the Wilkses are joint actors.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's security holding percentage in the class of securities.

See Item 2.2 above.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

See Item 2.2 above.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

See Item 2.2 above.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

See Item 2.2 above.

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

Item 4 – Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

See Item 2.2 above.

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

Not applicable.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Not applicable.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions

which the acquiror and any joint actors may have which relate to or would result in any of the following:

(a) **the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**

(b) **a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**

(c) **a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**

(d) **a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**

(e) **a material change in the present capitalization or dividend policy of the reporting issuer;**

(f) **a material change in the reporting issuer's business or corporate structure;**

(g) **a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**

(h) **a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**

(i) **the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**

(j) **a solicitation of proxies from securityholders;**

(k) **an action similar to any of those enumerated above.**

The acquisition of Common Shares noted above was made in the ordinary course of business and for investment purposes. The Acquirors may in future seek to effect material changes in the Issuer's business or corporate structure including, without limitation, changes to the board of directors or management of the Issuer and/or the sale or transfer or material assets of the Issuer or its subsidiaries and in connection therewith may take such actions as are permitted by applicable law including, without limitation, the requisition of meetings of the Issuer's securityholders and the solicitation of proxies from the Issuer's securityholders in any manner permitted by law. Furthermore, depending on various factors including, without limitation, the Issuer's financial position, the price levels of the Common Shares, conditions in the securities markets and general economic and industry conditions, the Issuer's business or financial condition and other factors and conditions the Acquirors deem appropriate, the Acquirors may increase or decrease their beneficial ownership of Common Shares or other securities of the Issuer whether in the open market, by privately negotiated agreement or otherwise.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

The acquiror must certify that the information in this report is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his or her authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

The certificate must state the following:

I, as an authorized representative of each of the Acquirors, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Date: November 23, 2017

"Morgan D. Neff"
Signature
Authorized Signatory

Exhibit "13"

THIS IS EXHIBIT " 13 " REFERRED TO IN
THE AFFIDAVIT OF RONALD P. MATHISON
AFFIRMED BEFORE ME THIS 13th DAY OF
JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Simard

From: Morgan Neff
To: Dan Wilks; Ronald Mathison
Sent: 2018/04/18 5:15:40 PM
Subject: RE: (EXTERNAL) Follow-up

Ron,

Thank you for the email. I have heard great things about the Stampede and I am sure we would have interest in coming up there for the event. I will circle back with Dan and Farris and let you know. Allow me to address your email and the information you sent a month ago.

- We are glad that CalFrac continues to focus on deleveraging outside of just the denominator in the ratio. As you know, the cyclicality of this business has the uncanny ability to transition an underleveraged company into an overleverage state without even a pause. The material improvement in your cash flow is appreciated on multiple fronts, however it is also the uncertain variable in the equation. We continue to believe that CalFrac must remain focus on the true reduction of its debt profile in order to provide the certainty and formidableness that will be appreciated by the market.

- Russia/Argentina: As we have previously discussed, our views are aligned. Our hope is that you are able to monetize your Russian assets before they become a donation to Rosneft, or alike. It sounds like Argentina is improving and we would support that part of the business if its performance becomes accretive to CalFrac's overall fundamentals. If it doesn't, and the line of sight remains perpetually opaque, then we believe there should be an immediate transition of the time, capital and equipment currently being allocated and dedicated to that operation into CalFrac's core operations.

You mentioned that Calfrac continues to explore all potential paths to rationalize the valuation dispersion in the shares. We remain proponents of actively exploring a separation of the US and Canadian operations into two publicly traded companies. Below are some of my thoughts on why I believe this an incredibly important consideration.

- This removes the "tail that wags the dog" overhang on the entire company and allows Canada and the US to transition into isolated fundamentals and geographic reach. As I am sure you are aware, CalFrac shares have not been immune to the pressures experienced on the Canadian side of the border regardless of the fact that CalFrac fundamentals are weighted to the US. Unfortunately, we have entered a market that has left Canadian listed equites orphaned and I afraid there are certain macro and geopolitical issues that will keep Canadian valuations cheap on a relative and absolute basis for some time. Additionally, US prime and custodian services have become more particular on lending and holding Canadian listed equities over the last couple of years. This has made most allocations into the space a fully paid, cash held position. Investor sentiment continues to wane as there remains a lack of interest from institutions, family offices and retail to allocate any meaningful capital into Canadian listed equities. Most don't have the cross currency mandate or just don't want to deal with FX exposure. CalFrac's cross listed US ticker is not a viable alternative for multiple reasons that I am sure you don't need me to get into.

- Opportunity Set. We believe by separating the two companies opens up a tremendous amount of opportunity for CalFrac. In the US, it specifically opens up additional capital markets interest/access that CalFrac currently does not have. The industry is in dire need of consolidation and, if determined to be in the best interest for shareholders, we believe CalFrac would be positioned to actively participate. As a side note, we, as in the Wilks Organization, would be very interested in having a more strategic level conversation with the US side of CalFrac if it becomes a standalone entity. Additionally, we would also be willing to back stop capital initiatives that would help your balance sheet rationalization efforts. I am certain that with the combination of additional balance sheet initiatives and separating the two operations, Calfrac would be in a position to shift its enterprise value to be heavily equity weighted and more in line with its comparable peer class.

You communication is extremely appreciated and I am truly enjoying the status of our relationship. However, I do feel strongly about my suggestion of separating the two companies and I would like to see it fully vetted at the board level with the assistance of outside US and Canadian advisors.

Thanks

Morgan D. Neff

Wilks Brothers, LLC

817-850-3600
mneff@wilksbrothers.com

From: Ronald Mathison [mailto:RonM@matcocap.com]
Sent: Monday, April 16, 2018 5:42 PM
To: Morgan Neff ; Dan Wilks
Subject: (EXTERNAL) Follow-up

CONFIDENTIAL

Morgan,

I thought I would touch base briefly in that I hadn't heard from you other than your thoughtful Rodeo (Bull riding) invitation. I hope you know that I would have very much liked to attend but, coinciding as it does with my daughter's 14th birthday, it made for a tough sell. On that note, you may be aware that Calgary has a Rodeo too! This year, the annual Calgary Stampede runs from July 6-15. I was thinking that if your schedules permitted, you, Dan, and Farris and your wives could come up for a day or two and sample some Calgary hospitality. Let me know if a day or two would work in that time frame, but until then please consider this as an invitation to be my guest at this year's Calgary Stampede. We have a Rodeo suite and it's not our first rodeo, so we can usually ensure a good time!

On the business front, we are progressing with the disposition of the Cementing assets, as you know, and with our sales agent we have confidentially and quietly prepared the marketing package for our

Russian operations. In addition, the Argentinian business is being streamlined and improved. There are however contractual commitments in place that will impede significant visible progress in that business over the next few quarters. As these commitments roll off, it will allow us to take advantage of better pricing, now that we have positioned the Company in the Vaca Muerta with a large international entity (Total). As discussed with you, we are also prepared to rationalize that geographic region if we aren't seeing the profitability and valuations materially improve.

In the U.S., we have now grown from three operational fleets in late 2016 to 17 (with the 17 th in operation this quarter and working on the 18 th). In addition ,the "noise" (costs associated with refurbishment , training etc. etc.) associated with the reintroduction of the fleets has subsided. We are also considering the repositioning of certain other equipment into our US operation.

With regard to debt reduction, we are looking at materially improved run rates of EBITDA. The proposed dispositions are moving forward, but are not yet consummated, but we do feel that we will be well-positioned to retire the AimCo indebtedness in the second quarter of this year, if we choose to do that.

We remain on the track previously discussed, with respect to resolving the undervaluation of our U.S. operations in Calfrac's share price, a phenomenon which is as frustrating to us as it is to you. We have been analyzing all of the potential paths to highlighting, and realizing upon, a better market valuation for Calfrac.

In short, we believe that our thinking remains aligned with yours on the material matters ahead for Calfrac.

In closing, I trust this finds you well. We also hope that you appreciate our decision to make virtually unprecedented disclosure to you in our sincere effort to recognize your concerns as a committed Calfrac shareholder. I look forward to any further discussion or suggestions that you may have and also to arranging your visit to the Calgary Stampede.

Thanks,

Ron

Exhibit "14"

THIS IS EXHIBIT " 14 " REFERRED TO IN
THE AFFIDAVIT OF RONALD P. MATHISON
AFFIRMED BEFORE ME THIS 13th DAY OF
JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Smad

Calfrac Well Services Ltd.

Annual and Special Meeting of Holders of Common Shares of Calfrac Well Services Ltd. (the "Issuer")

May 8, 2018

REPORT OF VOTING RESULTS

National Instrument 51-102 – Continuous Disclosure Obligations
Section 11.3

Matter Voted Upon	Outcome of Vote	Votes For		Votes Withheld / Against	
		Number	%	Number	%
1. The election of the following nominees as directors of the Issuer for the ensuing year or until their successors are elected or appointed:					
(a) Fernando Aguilar	Carried	85,230,556	73.67	30,463,039	26.33
(b) Kevin R. Baker	Carried	85,314,539	73.74	30,379,056	26.26
(c) James S. Blair	Carried	86,135,248	74.45	29,558,347	25.55
(d) Gregory S. Fletcher	Carried	85,318,040	73.74	30,375,555	26.26
(e) Lorne A. Gartner	Carried	85,618,057	74.00	30,075,538	26.00
(f) Ronald P. Mathison	Carried	85,615,975	74.00	30,077,620	26.00
(g) Douglas R. Ramsay	Carried	86,820,906	75.04	28,872,689	24.96
2. The appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Issuer to hold office until the next annual meeting	Carried	116,291,760	99.21	928,960	0.79
3. The approval of the Issuer's advance notice by-law	Carried	86,662,145	74.91	29,031,450	25.09

Exhibit "15"

THIS IS EXHIBIT " 15 " REFERRED TO IN
THE AFFIDAVIT OF RONALD P. MATHISON
AFFIRMED BEFORE ME THIS 13th DAY OF
JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Simard

Calfrac announces US$650 million offering of senior notes, accordion exercise and intention to repay second lien term loan

NEWS PROVIDED BY
Calfrac Well Services Ltd. →
May 09, 2018, 07:34 ET

CALGARY, May 9, 2018 /CNW/ - **Calfrac Well Services Ltd. ("Calfrac") (TSX-CFW)** is pleased to announce that Calfrac Holdings LP ("Calfrac Holdings"), a Delaware limited partnership which is indirectly wholly owned by Calfrac, intends to offer, subject to market and other conditions, up to US$650 million aggregate principal amount of senior notes due 2026 (the "notes"), which will be issued under a new indenture. Calfrac and Calfrac Well Services Corp., its wholly owned subsidiary and a Colorado corporation, will fully and unconditionally guarantee the notes.

The notes and the related guarantees will be sold to qualified institutional investors pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") and to certain persons other than "U.S. persons" in transactions outside the United States pursuant to Regulation S under the Securities Act. Any offers of the notes and related guarantees will be made only by means of a confidential offering memorandum. The notes will not be registered under the Securities Act or the securities laws of any other jurisdiction, and may not be offered or sold in the United States absent registration under the Securities Act and applicable state securities laws or pursuant to available exemptions from such registration requirements.

Calfrac Holdings intends to use a portion of the net proceeds from the offering of the notes to fund a tender offer to purchase for cash up to all of its outstanding 7.50% senior notes due 2020 (the "Existing Notes"), with the balance to be used to partially fund the repayment in full of the remaining C$196.5 million principal amount of Calfrac's second lien senior secured term

loan facility (the "Term Loan"). Calfrac Holdings intends to redeem any Existing Notes that remain outstanding following the expiration of the tender offer in accordance with the terms of the indenture governing the Existing Notes.

Calfrac is also pleased to announce that it has entered into an agreement with its lending syndicate to amend its credit facilities (the "Credit Facilities") to exercise C$100 million of accordion capacity under the Credit Facilities. The increased capacity provided by the accordion exercise provides additional liquidity, and along with the proceeds to be raised by the offering, will position Calfrac to repay all of the indebtedness under the Term Loan. The Term Loan agreement provides Calfrac the right to repay the Term Loan prior to the second anniversary date of such agreement, which is June 10, 2018, with only nominal prepayment premium.

This press release does not constitute an offer to sell or the solicitation of an offer to buy the notes, and there shall not be any sale of the notes in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or other jurisdiction.

Calfrac's common shares are publicly traded on the Toronto Stock Exchange under the trading symbol "CFW". Calfrac provides specialized oilfield services to exploration and production companies designed to increase the production of hydrocarbons from wells drilled throughout western Canada, the United States, Russia and Argentina.

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this press release contains forward-looking statements and information relating to the structure, distribution and use of proceeds of the offering and the accordion exercise, and the repayment of the Term Loan.

These forward-looking statements and information are based on certain key expectations and assumptions made by Calfrac in light of its experience and perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances, including, but not limited to, the following: the economic

and political environment in which Calfrac operates; Calfrac's expectations for its customers' capital budgets and geographical areas of focus; the effect unconventional oil and gas projects have had on supply and demand fundamentals for oil and natural gas; Calfrac's existing contracts and the status of current negotiations with key customers and suppliers; the effectiveness of cost reduction measures instituted by Calfrac; and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Although Calfrac believes that the expectations and assumptions on which such forward looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information as Calfrac cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with: global economic conditions; the level of exploration, development and production for oil and natural gas in Canada, the United States, Russia 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; excess oilfield equipment levels; regional competition; the availability of capital on satisfactory terms; restrictions resulting from compliance with debt covenants and risk of acceleration of indebtedness; direct and indirect exposure to volatile credit markets, including credit rating risk; sourcing, pricing and availability of raw materials, component parts, equipment, suppliers, facilities and skilled personnel; currency exchange rate risk; risks associated with foreign operations; operating restrictions and compliance costs associated with legislative and regulatory initiatives relating to hydraulic fracturing and the protection of workers and the environment; changes in legislation and the regulatory environment; dependence on, and concentration of, major customers; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; liabilities and risks associated with prior operations; liabilities relating to legal and/or administrative proceedings; failure to maintain Calfrac's safety standards and record; failure to realize anticipated benefits of acquisitions and dispositions; the ability to integrate technological advances and match advances from competitors; intellectual property risks; third party credit risk; and the effect of accounting pronouncements issued periodically. The forward-looking statements and information contained in this press release are made as of

the date hereof and Calfrac does not undertake any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

SOURCE Calfrac Well Services Ltd.

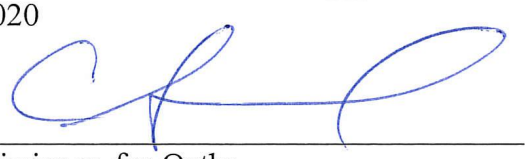
For further information: Fernando Aguilar, President and Chief Executive Officer, Telephone: (403) 266-6000, Fax: (403) 266-7381; Michael Olinek, Chief Financial Officer, Telephone: (403) 266-6000, Fax: (403) 266-7381; Scott Treadwell, Vice President, Capital Markets and Strategy, Telephone: (403) 266-6000, Fax: (403) 266-7381

Related Links

http://www.calfrac.com

Exhibit "16"

THIS IS EXHIBIT " 16 " REFERRED TO IN
THE AFFIDAVIT OF RONALD P. MATHISON
AFFIRMED BEFORE ME THIS 13th DAY OF
JULY, 2020



A Commissioner for Oaths
in and for the Province of Alberta

Chris Simad

Wilks Brothers Responds to Questions Regarding the Proxy Results of Calfrac's AGM

NEWS PROVIDED BY
Wilks Brothers, LLC. →
May 09, 2018, 19:01 ET

CISCO, TX, May 9, 2018 /CNW/ - Wilks Brothers, LLC and its joint actors currently own 28,720,172 shares of CalFrac Well Services Ltd. (CalFrac or the Company), which represents approximately 19.9% of shares outstanding.

CalFrac announced the results of its Annual General Meeting on May 8, 2018. We have received numerous emails and calls regarding the proxy results and this press release allows us to streamline our communication regarding the requests for comment and to ensure that our message remains consistent.

Over the last 12 months, we have participated in a number of calls, emails and meetings with various members of CalFrac's board and management team. The frequency of our communication was initially promising and we were optimistic that constructive conversations would produce tangible results. During this period, our message to the Company has remained consistent: Focus on right sizing the balance sheet to address not only today's environment, but tomorrow's as well.

CalFrac's leverage remains elevated on both an absolute and relative basis. The announcement the Company made today has a minimal impact on its net debt and does nothing to address the fundamental issues that we believe remain. This lack of attention and execution to address this issue leads one to conclude that the management team and board fail to respect the non-linear aspect of their business and cash flows. It was a little more than 12 months ago that

CalFrac issued very expensive equity to stave off lenders. Today, the Company's cash flow profile has improved but its balance sheet debt remains bloated. In fact, CalFrac's net long-term debt remains materially higher today (3/31/2018) than it was at 12/31/2015, 12/31/2016, and 12/31/2017.

CalFrac and its management have improved operations, but the improved operational results are emblematic of a rising tide analogous to its comparable peer class. We believe that the Company should explore all organic and inorganic avenues that have the ability to enhance shareholder value. This is why we have incessantly encouraged CalFrac to hire US and Canadian financial advisors to thoroughly vet all alternatives including the separation of CalFrac's US and Canadian operations into two public entities.

The Company is aware of why we exercised our fundamental right as a shareholder and voted our shares as we did. They also know they must earn back our vote. Our proxy vote represents our effort to help all shareholders maximize long-term value and hopefully serves as a message to the Company's management team and board that they have a large shareholder demanding change. Until every aspect of all potentially accretive measures have been properly explored, CalFrac shareholders remain unequivocally vulnerable to any management missteps and to the cyclical attributes of this industry.

Morgan D. Neff
Wilks Brothers, LLC

SOURCE Wilks Brothers, LLC.

Exhibit "17"

THIS IS EXHIBIT " 17 " REFERRED TO IN
THE AFFIDAVIT OF RONALD P. MATHISON
AFFIRMED BEFORE ME THIS 13th DAY OF
JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Simard

Court of Queen's Bench of Alberta

Citation: Calfrac Well Services Ltd v Wilks Brothers, LLC, 2019 ABQB 340

Date: 20190506
Docket: 1801 07588
Registry: Calgary

Between:

Calfrac Well Services Ltd.

Plaintiff

- and -

Wilks Brothers, LLC

Defendant

Endorsement Decision
of the
Honourable Mr. Justice P.R. Jeffrey

---

[1] Both parties seek summary disposition of this action in their favour. They dispute whether Wilks Brothers, LLC ("**WB**") breached a confidentiality agreement (the "**CA**") between it and Calfrac Well Services Ltd ("**Calfrac**").

[2] Calfrac says WB breached the CA, causing Calfrac considerable damage; therefore, it commenced this law suit against WB. WB says it did not breach the CA and applies to have the law suit dismissed summarily.

[3] Calfrac says I should deny WB's dismissal application and, further, cross applies for judgment summarily of its law suit against WB, but severing off for a later process the determination of the quantum of its damages.

[4] Calfrac is publicly traded. It operates in Canada, the United States, Argentina and Russia. WB owns approximately 20% of Calfrac's issued and outstanding share capital. The chairman of Calfrac's Board, who is one of its founders, also owns approximately 20%. The remainder of Calfrac's share capital appears to be widely held.

[5] Both parties refer me to the same leading cases. For summary disposition, both commend to me the recent Alberta Court of Appeal decision in *Weir-Jones Technical Services Incorporated v Purolator Courier Ltd*, 2019 ABCA 49. For the applicable principles of contractual interpretation, both start with *Sattva Capital Corp v Creston Moly Corp*, 2014 SCC 53.

Suitability for Summary Disposition

[6] In my view, on this record it is possible to fairly resolve the core of the dispute summarily: *Weir-Jones*, at para 47. The core issue is whether WB breached the CA.

[7] The facts on that core issue are not seriously in dispute. The parties point to the same CA and written records; they have cross-examined affiants on their contrary affidavit evidence.

[8] The real question is how the law applies to those facts – in particular around the interpretation of two documents: the CA and a WB press release (the "**Press Release**") that Calfrac says proves WB's breach. There are additional records that capture all the communications between the parties that may have engaged the protection of the CA. That is, all communications of concern here, and there were not many, were in written form. Their content is not in dispute. There were no other relevant oral communications.

[9] As the Alberta Court of Appeal has pointed out, disputes over the interpretation of a contract "may lend themselves particularly well" to determination summarily: *Baim v North Country Catering Ltd*, 2017 ABCA 206 at para 12.

[10] I consider this to be such a case. Both parties have had opportunity to "put their best foot forward" in response to the application of the party opposite for summary disposition of the core issue. A trial would add nothing of significance; a trial court will be in no better position to determine the core issue than is the court now on the record before me.

[11] Indeed, here both parties ask that the core issue be decided in their favour summarily.

[12] In proceeding to determine the core issue, I start with identifying what the Press Release says expressly and by necessary implication. I then list the ways in which Calfrac says that Press Release constituted breaches of the CA by WB. I then provide my analysis of each of those allegations, leading to my conclusion that WB breached the CA.

What WB Disclosed in its Press Release

[13] The following then is a non-exhaustive list of the things that are stated expressly in the Press Release or that follow necessarily from the things stated expressly in the Press Release:

1. Calfrac and WB had discussions throughout the 12 months prior to WB issuing the Press Release;
2. Therefore, Calfrac and WB had discussions during the period of time the CA was binding on the parties (the "**Term**");
3. Throughout the Term WB told Calfrac it wanted Calfrac to "right-size" its balance sheet;
4. Throughout the Term WB encouraged Calfrac to "hire US and Canadian financial advisors to thoroughly vet all alternatives including the separation of CalFrac's US and Cdn operations into two public entities" (the "**Hire Advisors Strategy**");
5. Therefore, during the Term the discussions between Calfrac and WB included the Hire Advisors Strategy;
6. WB voted against Calfrac's wishes at the AGM;
7. Calfrac knows why WB voted as it did at the AGM;
8. Calfrac has not "properly explored" "every aspect of all potentially accretive measures"; and
9. WB considers the separation of Calfrac's US and Cdn operations into two public entities to be a potentially accretive measure that Calfrac has not properly explored.

[14] The question is whether these express statements and necessary implications in the Press Release, individually or collectively, constitute a breach of the CA by WB.

[15] The Term of the CA began February 21, 2018. The Press Release was issued May 9, 2018, before expiry of the Term, the day after Calfrac's Annual General Meeting ("**AGM**") with its shareholders.

[16] The CA focused on protecting information about the "business and affairs" of Calfrac (the "**Confidential Information**"). That Confidential Information included information about certain "**Potential Transactions**" involving Calfrac.

[17] The Hire Advisors Strategy constituted a Potential Transaction under the CA, as did the broader option of separating Calfrac's US operations into a distinct entity. WB was particularly interested in these being pursued; it felt the capital markets were not recognizing the full value of the US operations within the current consolidated enterprise structure. It had said as much to Calfrac and publicly before the existence of the CA. Calfrac felt constrained from explaining its approach and thinking on such things to just one of its shareholders without the protections accorded by the CA, so the parties agreed to the CA terms.

[18] To learn the Confidential Information, WB agreed to not disclose during the Term:

1. the fact Confidential Information has been made available to it;
2. the existence of the CA;
3. that discussions or negotiations are taking place or have taken place concerning Potential Transactions; and

4. "any of the terms, conditions, or other facts with respect to the Potential Transactions, including the status thereof".

[19] These restrictions on what WB could disclose were further subject to certain exceptions (the "**Exceptions**"), namely:

> Confidential Information does not include information that: (i) is already known to [WB]; (ii) is or becomes part of the public domain other than as a result of a disclosure by [WB], or (iii) becomes available to [WB] from a source not known by [WB] to be bound by confidentiality. [*Clause 1 of the CA*]

Calfrac's Alleged Breaches of the CA

[20] Calfrac says that WB breached the CA by the Press Release in the following specific ways:

i. By disclosing WB's views on the Hire Advisors Strategy [Calfrac Brief, para 102];

ii. By referring to the emails exchanged between the parties May 7 and 8 [Calfrac Brief, paras 99-100];

iii. By disclosing Calfrac's thinking around why Calfrac was not at that time pursuing the Hire Advisors Strategy [Calfrac oral submissions];

iv. By disclosing Calfrac's disagreement with the Hire Advisors Strategy [Calfrac Brief, para 102; Calfrac oral submissions]; and

v. By disclosing that it discussed the Hire Advisors Strategy with Calfrac during the Term, the Hire Advisors Strategy being a Potential Transaction [Calfrac Brief, paras 92-98, 102; Calfrac oral submissions].

Analysis

[21] I find that at no time did WB disclose that it received Confidential Information from Calfrac or the existence of the CA. Those were the first two of the four types of prohibited disclosure.

[22] Of concern here is whether either of the other two prohibited types of disclosure occurred, that did not fit into an Exception. Those remaining two types of disclosure are, again, disclosing that discussions between the parties are taking place or have taken place concerning the Potential Transactions; and disclosing "any of the terms, conditions, or other facts with respect to the Potential Transactions, including the status thereof".

[23] The conduct complained of in allegation i. above was not a breach. I agree with WB that the CA does not prohibit WB from disclosing publicly its own information and opinions.

[24] Regarding allegation ii., I do not agree with Calfrac that the Press Release referred to the fact of email communications between the parties on May 7 and 8. Some of the things expressed

in that exchange animated the Press Release, but that is different. That is more the subject of allegations iii. and iv.

[25] Regarding allegation iii., I do not agree that WB disclosed Calfrac's thinking around why it was not pursuing the Hire Advisors Strategy, or more generally the separation of US operations from the rest of the enterprise. Calfrac says that WB only learned this from Calfrac during the Term and because of the existence of the CA. That may be, but I do not find in the Press Release any disclosure of Calfrac's rationale – its "thinking and why" – as Calfrac alleges.

[26] However, regarding allegations iv. and v., I find WB has breached the CA.

[27] Allegation iv. is sustained because WB revealed publicly, by the Press Release, that Calfrac was opposed to the Hire Advisors Strategy at the time of the discussions between the parties, prior to the AGM and during the Term. This was in breach of the 4th prohibited category (at para 18 above). Until Calfrac's confidential disclosure once the CA was signed, and the subsequent email discussion between the parties, WB knew only that Calfrac was not proceeding towards separating off the US operations; it did not know prior to the CA that Calfrac, *in May 2018*, would also be opposed to WB's Hire Advisors Strategy.

[28] Allegation v. is sustained because WB revealed publicly, by the Press Release, that WB and Calfrac had met and discussed the Hire Advisors Strategy. This was in breach of the 3rd prohibited category (at para 18 above).

[29] WB says these disclosures fall into one of the Exceptions. It says their content was already known to WB before commencement of the Term.

[30] WB's preference for Calfrac to separate off the US operations without further delay was advice WB had given to Calfrac (and also had made public) prior to the start of the Term. That is not disputed; in the words of Calfrac's Affiant: "WB had already spoken with Calfrac and others in the investment community about its wish to see Calfrac divest itself of its US business". His reference there was to information in the public domain before commencement of the Term.

[31] But that is not what allegations iv. and v. refer to. Allegation iv. does not refer to Calfrac's opposition prior to the Term, but reveals Calfrac's opposition during the Term. The former could be disclosed, the latter not. It reveals "other facts with respect to the Potential Transactions, including the status thereof". Allegation v. does not refer to discussions between the parties about the Hire Advisors Strategy, a Potential Transaction, prior to the Term. It refers to additional discussions of a Potential Transaction during the Term. The former could be disclosed, the latter not.

Conclusion

[32] Therefore, I dismiss WB's application for summary dismissal.

[33] I also declare WB to have breached of the CA in the two ways above described.

[34] I am not prepared to grant summary judgment in Calfrac's favour; the matter of causation of damages remains a genuine issue for trial (or for some other suitable process the parties may choose). It does not lend itself fairly to summary disposition on this record. I disagree with Calfrac that just quantum of damages remains to be proven. The current record does not support a determination summarily that the two breaches are causally connected to any damages suffered.

Heard on the 10th day of April, 2019.
Dated at the City of Calgary, Alberta this 6th day of May, 2019.

P.R. Jeffrey
J.C.Q.B.A.

Appearances:

Robert W. Staley
Justin R. Lambert
for the Plaintiff/Respondent/Applicant

Lara Jackson
Jason Holowachuk
for the Defendant/Applicant/Respondent

Exhibit "18"

THIS IS EXHIBIT " 18 " REFERRED TO IN
THE AFFIDAVIT OF RONALD P. MATHISON
AFFIRMED BEFORE ME THIS 13th DAY OF
JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Simad

WILKS BROTHERS

May 4, 2020

Via Email (rmathison@matcocap.com)

STRICTLY PRIVATE AND CONFIDENTIAL

Calfrac Well Services Ltd.
411, 8th Avenue SW
Calgary, Alberta T2P 1E3

Attention: *Mr. Ronald P. Mathison*
Executive Chairman

Re: Potential Value Enhancing Initiatives

Wilks Brothers, LLC ("Wilks", "we" or "our") is pleased to present this letter to the board of directors (the "Board") of Calfrac Well Services Ltd. ("Calfrac" or the "Company") in regards to potential value enhancing initiatives for the benefit of all Calfrac stakeholders.

As we are all well aware, the COVID-19 pandemic, resulting decline in crude oil prices, and severe drop-off in drilling and completions activity has created a uniquely challenging circumstance for the oilfield services business.

With Calfrac's senior secured and unsecured notes trading at highly discounted prices we would like to explore the opportunity to assist the company an up-tiered exchange or other structure that would be accretive to Calfrac's shareholders while providing liquidity and a higher level of certainty to the noteholders.

As a sign of our support for Calfrac and our views on the intrinsic value in the Company, subject to a mutually agreeable transaction structure, Wilks is prepared to provide up to US$30 million of strategic capital to Calfrac to pursue these and/or other potential value enhancing initiatives.

As Calfrac's second largest shareholder, we would like to engage collaboratively with the Board, your advisors and our advisors, to discuss potential alternatives that could create much needed liquidity for the Company while unlocking value for all shareholders.

Yours very truly,

WILKS BROTHERS, LLC

Matt Wilks

CC: *Nicholas J. Johnson, Vice Chairman, Stifel FirstEnergy*
Richard Klein, Managing Director, Miller Buckfire
Craig Zaph, Managing Director, Investment Banking – DCM, Stifel

May 6, 2020

Via Email (rmathison@matcocap.com)

STRICTLY PRIVATE AND CONFIDENTIAL

Calfrac Well Services Ltd.
411, 8th Avenue SW
Calgary, Alberta T2P 1E3

Attention: *Mr. Ronald P. Mathison*
Executive Chairman

Re: Potential Value Enhancing Initiatives

As a follow up to our conversation regarding the Wilks Brothers, LLC ("Wilks", "we" or "our") letter to the Board of Directors (the "Board") of Calfrac Well Services Ltd. ("Calfrac" or the "Company") dated May 4, 2020, below are our thoughts around a transaction that would provide significant liquidity and deleveraging to Calfrac. To reiterate what we discussed previously, the Wilks are prepared to work in partnership with the Board and the Company to find a mutually satisfactory solution that provides a positive outcome for Calfrac's shareholders.

The Wilks are willing to backstop up to US$75 million of Preferred Stock in Calfrac, through a rights offering available to all shareholders. The terms of the Preferred Stock would be mutually acceptable to both the Board and the Wilks, and subject to the satisfactory refinancing of the Company's credit facilities, and an overall acceptable level of deleveraging of the balance sheet. The amount of acceptable deleveraging will be based on the Wilks and our advisors review of the Company's business plan and deleveraging plan/strategy. Calfrac has a very strong shareholder base and the Wilks are hopeful existing shareholders will participate in the opportunity to reposition the Company's balance sheet, though that is not required.

To move forward, the Wilks request that our advisors are granted the opportunity to engage in a dialog with the Company and your advisors to come to an agreement on a structure that can work for all parties.

We look forward to working in partnership with you, your Board, and the management team to find a transaction that works for the benefit of all shareholders.

Yours very truly,

WILKS BROTHERS, LLC

Matt Wilks

CC: *Nicholas J. Johnson, Vice Chairman, Stifel FirstEnergy*
Richard Klein, Managing Director, Miller Buckfire
Craig Zaph, Managing Director, Investment Banking – DCM, Stifel

Exhibit "19"

THIS IS EXHIBIT " 19 " REFERRED TO IN
THE AFFIDAVIT OF RONALD P. MATHISON
AFFIRMED BEFORE ME THIS 13th DAY OF
JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Sinard

From: Ronald Mathison <RonM@matcocap.com>
Sent: Monday, June 15, 2020 1:01 PM
To: Matt Wilks
Subject: Follow-up on our most recent conversation

Matt:

Thanks again for the conversation at the end of last week.

You will have seen Calfrac's press release earlier this morning. Though it is an unfortunate decision for a board to have to take, we are seeing the "clearing of the air" about the interest payment, and now the public disclosure of work towards a restructuring plan, as being necessary and helpful steps.

Where Does This Leave Wilks Brothers LLC and Calfrac?

My colleagues and I have been reluctant to be too persistent about you signing an NDA with Calfrac. We even asked our financial advisors to leave you be, while you consider whether signing is what you wish to do.

Nonetheless, we have now "started the clock" on a (hopefully) thirty day time frame to land on a solid resolution. As a result, it would be helpful to know fairly soon what you are thinking.

I should also say that the discussion that follows below is my attempt to efficiently describe what I think we have been discussing. None of this has been approved by the Calfrac board of directors; and Calfrac is not in a position to firmly offer, or agree upon, anything yet.

At the same time, I find that, if people don't transparently speak in plain English, too many variables continue to remain unresolved to enable anyone to get to a concrete plan.

Two Concepts That We Have Discussed

You have previously mentioned two potential ways in which Wilks Brothers LLC (or an affiliate) could be further involved with Calfrac:

— A structure in which you would provide up to USD $75 million, in the form of a preferred share financing.

— A structure in which you participate collegially, with perhaps four other investors, in a Calfrac common equity financing, currently assumed to be in the range of CAD $60 million.

I should also note that a hybrid financing, with both some preferred equity and some common equity being raised, would also be able to be discussed.

In the potential preferred share structure, the uses of proceeds are currently assumed to be: an amount for deal expenses; an amount for general ongoing liquidity and operations; and the majority of the funds going to the settlement of much of the two classes of Notes **for cash**.

This structure would be intended to minimize dilution of the current Calfrac common equity holdings, in anticipation of better days ahead. You have indicated that, if you were to be the focal point of the preferred share structure, you would seek to have resolution of the lawsuit between us included as part of the deal.

In the common share structure, some amount of newly-raised cash might be used for partial repayment of Notes. However, the main proposal to the Noteholders would likely be an **exchange of Notes for Calfrac common shares**.

In this scenario, an existing large shareholder could mitigate dilution by subscribing for new Calfrac common shares, alongside the others who have indicated potential interest in so investing. In this scenario, Calfrac would be pleased to have you as an investor and we frankly see you participating, if you wish to do so, as an equitable outcome, given that you are a significant existing shareholder. However, participation on market terms in a collegial group is unlikely to be seen by the Calfrac board as being sufficient to impact the lawsuit matter.

For transparency, Calfrac would also be asking the participants in the new deal(s) to agree not to launch a takeover bid or other action that could lead to a change of control for a period of time. That period of time would need to be sufficient to allow for the restructured company to execute on its new plan.

Conclusion

The notes above pretty well summarize where I think that we have arrived. It will be difficult for Calfrac or its advisors to say much more unless, and until, you have signed an NDA.

We are expressing here the desire to have Wilks Brothers, LLC “in the tent”, for the balance of the transaction, rather than outside of it. However, in any event, it would be helpful to know where you have landed in your deliberations.

Thanks very much.

Sincerely,
Ron

Exhibit "20"

THIS IS EXHIBIT " 20 " REFERRED TO IN
THE AFFIDAVIT OF RONALD P. MATHISON
AFFIRMED BEFORE ME THIS 13th DAY OF
JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Smard

Insider transaction detail - View details for insider

2020-07-06 19:12 ET

Transactions sorted by : Insider
Insider family name : wilks (Starts with)
Given name : dan (Starts with)
Transaction date range : January 1, 2020 - July 5, 2020
Debt securities : Bonds, Commercial Paper, Convertible Debentures, Convertible Notes, Debentures, Medium Term notes, Notes, Promissory Notes, Other
Equity securities : American Depository Receipts, Common Shares, Convertible Preferred Shares, Exchangeable Shares, General Partnership Units, Instalment Receipts, Limited Partnership Units, Multiple Voting Shares, Non-Voting Shares, Participation Units, Preferred Shares, Special Shares, Subordinate Voting Shares, Trust Units, Units, Other
Third party derivatives : Equity Swap - Long Position, Equity Swap - Short Position, Exchange Traded Call Options, Exchange Traded Put Options, Forward Purchase, Forward Sale, Futures Contract - Long Position, Futures Contract - Short Position, OTC Calls (including Private Options to Purchase), OTC Puts (including Private Options to Sell), Other
Issuer derivatives : Options, Rights, Special Warrants, Subscription Rights, Warrants, Other

Insider name: Wilks, Dan

Legend: O - Original transaction, A - First amendment to transaction, A' - Second amendment to transaction, AP - Amendment to paper filing, etc.

Insider's Relationship to Issuer: 1 - Issuer, 2 - Subsidiary of Issuer, 3 - 10% Security Holder of Issuer, 4 - Director of Issuer, 5 - Senior Officer of Issuer, 6 - Director or Senior Officer of 10% Security Holder, 7 - Director or Senior Officer of Insider or Subsidiary of Issuer (other than in 4,5,6), 8 - Deemed Insider - 6 Months before becoming Insider.

Warning: The closing balance of the " equivalent number or value of underlying securities" reflects the" total number or value of underlying securities" to which the derivative contracts held by the insider relate. This disclosure does not mean and should not be taken to indicate that the underlying securities have, in fact, been acquired or disposed of by the insider.

Transaction ID	Date of transaction YYYY-MM-DD	Date of filing YYYY-MM-DD	Ownership type (and registered holder, if applicable)	Nature of transaction	Number or value acquired or disposed of	Unit price or exercise price	Closing balance	Insider's calculated balance	Conversion or exercise price	Date of expiry or maturity YYYY-MM-DD	Underlying security designation	Equivalent number or value of underlying securities acquired or disposed of	Closing balance of equivalent number or value of underlying securities
Issuer name: Calfrac Well Services Ltd.													
Insider's Relationship to Issuer: 3 - 10% Security Holder of Issuer													
Ceased to be Insider: Not applicable													

Transaction ID		Date of transaction YYYY-MM-DD	Date of filing YYYY-MM-DD	Ownership type (and registered holder, if applicable)	Nature of transaction	Number or value acquired or disposed of	Unit price or exercise price	Closing balance	Insider's calculated balance	Conversion or exercise price	Date of expiry or maturity YYYY-MM-DD	Underlying security designation	Equivalent number or value of underlying securities acquired or disposed of	Closing balance of equivalent number or value of underlying securities
Security designation: Notes 10.875% Second Lien Secured Notes due 2026														
O	3565102	2020-06-11	2020-06-18	Control or Direction : THRC Holdings LP	97 - Other	+$7,156,700	0.6000 USD							
A	3565102	2020-06-11	2020-06-18	Control or Direction : THRC Holdings LP	97 - Other	+$7,156,700	0.6000 USD	$7,156,700						
	3565116	2020-06-15	2020-06-18	Control or Direction : THRC Holdings LP	97 - Other	+$11,689,700	0.6050 USD	$18,846,400						
	3565121	2020-06-16	2020-06-18	Control or Direction : THRC Holdings LP	97 - Other	+$2,040,000	0.6150 USD	$20,886,400						
	3565125	2020-06-17	2020-06-18	Control or Direction : THRC Holdings LP	97 - Other	+$8,910,000	0.6600 USD	$29,796,400						
	3566357	2020-06-18	2020-06-22	Control or Direction : THRC Holdings LP	97 - Other	+$3,000,000	0.7525 USD	$32,796,400						
	3566358	2020-06-19	2020-06-22	Control or Direction : THRC Holdings LP	97 - Other	+$1,890,350	0.7800 USD	$34,686,750						
	3566359	2020-06-19	2020-06-22	Control or Direction : THRC Holdings LP	97 - Other	+$7,000,000	0.7900 USD	$41,686,750						
	3568409	2020-06-24	2020-06-29	Control or Direction : THRC Holdings LP	97 - Other	+$5,000,000	0.7700 USD	$46,686,750						

Transaction ID	Date of transaction YYYY-MM-DD	Date of filing YYYY-MM-DD	Ownership type (and registered holder, if applicable)	Nature of transaction	Number or value acquired or disposed of	Unit price or exercise price	Closing balance	Insider's calculated balance	Conversion or exercise price	Date of expiry or maturity YYYY-MM-DD	Underlying security designation	Equivalent number or value of underlying securities acquired or disposed of	Closing balance of equivalent number or value of underlying securities
3568410	2020-06-25	2020-06-29	Control or Direction : THRC Holdings LP	97 - Other	+$11,314,650	0.7600 USD	$58,001,400						
3568414	2020-06-26	2020-06-29	Control or Direction : THRC Holdings LP	97 - Other	+$2,000,000	0.7613 USD	$60,001,400						

Exhibit "21"

THIS IS EXHIBIT " 21 " REFERRED TO IN
THE AFFIDAVIT OF RONALD P. MATHISON
AFFIRMED BEFORE ME THIS 13th DAY OF
JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Smad

June 22, 2020

Via Email

STRICTLY PRIVATE AND CONFIDENTIAL

Calfrac Well Services Ltd.
411, 8th Avenue SW
Calgary, Alberta T2P 1E3

Attention: *Mr. Ronald P. Mathison*, *Executive Chairman*; *Gregory S. Fletcher*, *Lead Director*

Dear Sirs,

Re: Letter of Intent to Acquire the United States Business and Related Assets of Calfrac Well Services Limited

Wilks Brothers, LLC ("**Wilks**" or "**we**") are pleased to submit this letter of intent ("**LOI**") to Calfrac Well Services Limited ("**Calfrac**" or the "**Company**") in regards to the acquisition of the assets of the Company, as more fully described below (the "**Proposed Transaction**").

The Wilks have high regard for Calfrac and its employees and understand the Company's business extremely well, having held a significant equity interest in the Company since 2017. In addition, the Wilks have owned and operated numerous oilfield services businesses, including ProFrac Services, LLC ("**ProFrac**"), a leading well servicing company headquartered in Willow Park, Texas. As a result, the Wilks believe that they have the ability to effectively integrate the US Assets and certain employees of Calfrac into ProFrac in an expeditious manner.

This LOI is intended to form the basis of the outline of the Proposed Transaction but is subject to a definitive written agreement between Calfrac and Wilks.

1. Structure & Value

Wilks proposes to acquire all of Calfrac's property, plant and equipment in United States, including all fracturing spreads, coil tubing units and cementing units, real estate, inventories, intellectual property, customer contracts and any other assets relating to the United States operations of Calfrac (the "**US Assets**").

As consideration for the proposed asset acquisition, Wilks would convey ownership of the US$41,686,750 principal amount of 10.875% Second Lien Secured Notes currently owned by Wilks to Calfrac, in addition to funding a tender offer by Calfrac for the retirement of the US$431,800,000 principal amount of 8.500% Senior Unsecured Notes at 14% of par value (the "Tender Offer"), implying a cash commitment by the Wilks of approximately US$60,452,000 based on available public disclosure.

The structure and implementation mechanics of the Proposed Transaction will be determined by Calfac and Wilks based upon tax, securities, and corporate law advice in order to ensure the most efficient transaction structure.

Wilks intends to hire, on similar terms and conditions, substantially all field employees related to the US Assets, subject to review of their positions and wages/salaries. Notwithstanding the proposed final structure of the Proposed Transaction, Calfrac will be solely responsible for any termination obligations, liabilities or payments of those employees hired or not hired by Wilks.

Wilks also assumes to acquire all working contracts related to the US Assets.

We believe there are a number of positive attributes to this Proposed Transaction for Calfrac stakeholders:

i) Offers a significant premium to the market traded value of the Senior Unsecured Notes (~100%);

ii) Calfrac would be in much stronger financial position, holding only bank debt and approximately US$79,000,000 in 10.875% Second Lien Senior Notes, while retaining 100% interest in the Canadian and International business units; and

iii) Existing equity shareholders of Calfrac continue to hold upside in a much better capitalized entity. This ongoing equity value is in contrast to a potential restructuring, which would likely see Calfrac shareholders receive minimal opportunity for go-forward equity upside participation.

2. Financing

The Wilks intend to finance the Transaction utilizing existing sources of capital. It is expected that closing of the Transaction would not be subject to any financing condition.

3. Due Diligence

The Wilks expect to conduct a due diligence review as expeditiously as possible, including customary and appropriate financial, legal, commercial, operational and environmental due diligence, subject to reasonable materiality threshold.

Subject to information being provided in a timely and comprehensive manner, the Wilks would anticipate being able to complete due diligence within three weeks.

4. Conditions Precedent to Closing

The Proposed Transaction will be subject to customary conditions precedent including the following:

- Agreement of suitable legal documentation;
- The transfer of all US Assets and material customer, supplier and lease contracts and any other material agreements;
- The receipt of any regulatory approvals, including competition authority clearance; and
- A minimum of 80% of the Senior Unsecured Notes tendering to the Tender Offer.

5. Confidentiality

It is expected that neither Calfrac or Wilks shall, directly or indirectly through their respective officers, directors, employees, agents, representatives or otherwise, make any public statement relating to, or disclosing, the Proposed Transaction. This LOI is conditioned upon Calfrac and its representatives and advisors maintaining such confidentiality.

6. Exclusivity

Calfrac shall not, directly or indirectly, alone or jointly in concert with any other person

i. invite or solicit offers or expressions of interest from third parties for the sale of any or all of the US Assets; or

ii. negotiate with or consider or review unsolicited offers of third parties for the sale of any or all of the US Assets (in each case, an "**Alternative Transaction**") until the earlier of a) July 15, 2020 b) the entering into of a definitive agreement or c) either Calfrac or Wilks determination not to proceed with the Proposed Transaction (the "**Exclusive Period**".

Calfrac shall immediately cease all existing discussions and negotiations, if any, with any parties commenced prior to the date hereof with respect to an Alternative Transaction.

7. Due Diligence Access

During the Exclusive Period, Calfrac will make available to Wilks and its representatives, including physical equipment inspections and access to all financial and equipment maintenance records, as reasonably requested by Wilks for the purpose of its due diligence review.

8. Miscellaneous

All fees, costs and expenses incurred in connection with this LOI and the Proposed Transaction contemplated hereby shall be paid by the party incurring such fees, costs or expenses, whether or not a definitive agreement is entered into. This LOI shall be governed and construed in accordance with the laws of the Province of Alberta and the federal laws applicable therein. This letter may be signed in counterparts, all of the counterparts together constituting one document. Email transmission of executed copies of this letter shall constitute complete and valid delivery of an executed agreement.

9. Scope of Proposal

It is understood and agreed that, other than the paragraphs titled "Exclusivity" and "Miscellaneous" that

i. This letter is not considered to be binding and no liability is intended to be created between Calfrac and Wilks; and

ii. Any legal rights and obligations between Calfrac and Wilks will come into existence only upon the execution and delivery of a definitive agreement.

The Wilks are highly committed to progressing this opportunity and would like to reiterate their strong intent towards completing the Proposed Transaction in a timely, constructive and pragmatic manner.

The Wilks have engaged Stifel FirstEnergy as financial advisor and Cassels Brock & Blackwell LLP and Stroock & Stroock & Lavan LLP as legal advisors to ensure an expedient and efficient transaction.

If this LOI is acceptable, please indicate your acceptance by signing in the space provided below. This non-binding offer is open for your acceptance until June 29, 2020.

Yours very truly,

Wilks Brothers, LLC

Per: Matt Wilks

Agreed to and accepted by:

Calfrac Well Service Ltd.

_____

Per:
Title:

Calfrac Well Services Ltd.
411, 8th Avenue SW
Calgary, Alberta T2P 1E3

Attention: *Mr. Ronald P. Mathison* *Gregory S. Fletcher*
Executive Chairman *Lead Director*

Dear Sirs,

Re: Response to Calfrac's Letter dated June 29, 2020

We refer to your response to our June 22, 2020 transaction proposal (the "**Proposed Transaction**") and set out below some additional factors that we believe address the issues you have raised. We believe that the Proposed Transaction preserves significant value at each level of Calfrac's capital structure and for that reason would be compelling to each of those constituencies.

1. **Enhanced Consideration and Working Capital Clarification**

   For greater clarification, the Proposed Transaction would include all of the Company's property, equipment, real estate, inventories and intellectual property located in the United States, but *excluding* non-cash working capital (other than inventories related to the US assets).

   In addition, the Wilks now own US$60,001,400 of Calfrac's Second Lien Notes compared to US$41,686,750 as at the time of our June 22 proposal, which would be conveyed to Calfrac as part of the Proposed Transaction. This represents over 50% ownership of these notes. As a result, this increases the implied total consideration to Calfrac by approximately US$18.3 million.

   As previously indicated, Wilks will also fund a tender offer by Calfrac for the retirement of the US$431,800,000 principal amount of 8.50% Senior Unsecured Notes at 14% of par value (the "**Tender Offer**"), implying a cash commitment by the Wilks of approximately US$60,452,000 based on available public disclosure.

   Finally, Wilks would be prepared to fund a US$1 million consent fee to the Company's first lien lender and a US$1 million consent fee payable *pro rata* to consenting holders of the Second Lien Secured Notes (excluding Wilks), as consideration for their consent to the Proposed Transaction.

2. **Benefits to All of Calfrac's Stakeholders**

Our structure offers advantages to all of Calfrac's existing stakeholders:

a. **First Lien Credit Facility**: retiring Calfrac's US$431.8 million of 8.50% Senior Unsecured Notes and US$60.0 million of 10.875% Second Lien Secured Notes would reduce the Company's annual interest expense by US$43.1 million and interest expense to maturity of US$282.1 million. This would significantly improve the Company's financial flexibility and debt service metrics, thereby improving the risk profile of the first lien credit facility. In addition, any cash received by Calfrac from Wilks in exchange for the Company's working capital could be used to reduce the amount drawn on the credit facility. Wilks estimates that the Company would have pro forma net debt of approximately US$80 million including working capital. In addition, Wilks proposes to pay a consent fee of US$1 million to the first lien lender.

b. **Second Lien Secured Noteholders**: reducing the Company's annual interest expense by US$43.1 million as well as providing Calfrac the option to reduce amounts drawn on the first lien credit facility provides significantly improved debt service metrics for Second Lien Secured Noteholders. In addition, as noted above Wilks proposes to pay a consent fee of US$1 million pro rata to consenting Second Lien Secured Noteholders (other than Wilks).

c. **Unsecured Senior Notes**: the proposed Tender Offer provides a significant premium to the current market price of these securities. We believe that this price is also greater than the value that may be realized through a court-supervised restructuring process.

d. **Common Shareholders:** the Proposed Transaction provides a unique opportunity for equity holders to participate in the ongoing success of Calfrac. We believe that other transactions that may be under consideration by the Company would result in inferior value for common shareholders.

   Including the value of the US$60.0 million of Second Lien Secured Notes to be conveyed and the principal amount of the US$431.8 million of Unsecured Senior Notes to be retired, we estimate the realized value to equity holders for the US assets to be US$491.8 million, or $613 per horsepower, based on the Company's March 31, 2020 disclosure of 802,000 active horsepower. We believe this to be a highly compelling transaction metric in the current, highly challenged economic environment

The suggested allocation of cash consideration among Calfrac's constituencies under the Proposed Transaction is not intended to be limiting. Wilks would be prepared to discuss with Calfrac other alternative allocations of the cash consideration provided hereunder.

We look forward to engaging in further constructive dialogue with you to implement the Proposed Transaction.

This Proposed Transaction shall remain open for your consideration until 5:00 p.m. Mountain Time on July 3, 2020.

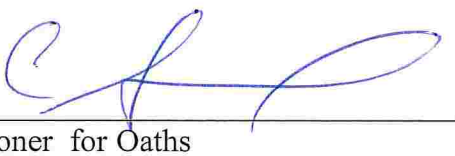
Yours very truly,

Wilks Brothers, LLC

Per: Matt Wilks

Exhibit "22"

THIS IS EXHIBIT " 22 " REFERRED TO IN
THE AFFIDAVIT OF RONALD P. MATHISON
AFFIRMED BEFORE ME THIS 13th DAY OF
JULY, 2020



A Commissioner for Oaths
in and for the Province of Alberta

Chris Simard

Calfrac Well Services
An API Q2 and ISO 9001 Company
411 - 8 Avenue SW, Calgary, Alberta T2P 1E3
P 1-866-770-3722

calfrac.com

June 29, 2020

Mr. Matt Wilks
Wilks Brothers
Cisco, Texas
USA

Attention: Mr. Matt Wilks

Re: Wilks Brothers Proposal

Thank you for your letter of June 22, 2020 and for the follow-up discussions with the financial advisors to Calfrac Well Services Ltd. ("Calfrac" or the "Company").

Our Board of Directors has carefully reviewed and analyzed the proposal that you provided, on behalf of Wilks Brothers, LLC ("Wilks"), together with the assistance of our financial and legal advisors.

We are writing today to respectfully decline your proposal, primarily based on the following two factors:

1. **Value**
   The financial consideration that you are proposing for the purchase of Calfrac's U.S. business significantly undervalues that entity. Our U.S. business represents, in approximate terms, 2/3 of the entire Company. The consideration suggested in your offer is a dramatically smaller percentage of what we see as the value of our Company, under several criteria, even in the current stressed environment. The Wilks proposal attributes a historically low value, relative to precedents, to the Company's U.S. assets and operations.

2. **Practicality**
   Wilks has proposed that the potential deal consideration be allocated to specific classes of Noteholders. However, Calfrac must be conscious of the interests of all stakeholders, importantly including the banks in the senior credit facility and the balance of the holders of Second Lien Notes.

   We are of the view that there is no probability of the senior lenders approving a transaction like the one that you have proposed. It involves the loss of the significant majority of their collateral, on which the senior lenders have the first charge, without any repayment of their debt. As you know, the U.S. business is, by far, Calfrac's largest division.

In addition, a significant share of the proposed deal consideration would go to the unsecured tier of debt, with essentially nothing going to the senior debtholders, other than Wilks. The proposed structure would leave the remaining one-third of Calfrac's business (Canada, Argentina and Russia) with an entirely disproportionate amount of senior debt.

As you know, we have sought to enter into a non-disclosure agreement ("NDA") with Wilks, in order for both you and us to consider if there is a workable alternative that would accomplish the evident objectives of both parties. Wilks has indicated that it would like to acquire the U.S. business of Calfrac, which operates in an industry that you know well, both historically and through your current ownership of ProFrac Services, LLC, a competitor to Calfrac.

Calfrac is singularly focused on optimizing the value of the Company for all of its stakeholders. If you would like to reconsider on the subject of an NDA, we remain open to pursuing further discussions with you. As you would expect, Calfrac is still speaking with other parties, as we continue to seek the best possible solution for the Company's stakeholders overall.

Again, thank you for your letter; and we look forward to speaking with you again.

Sincerely,

CALFRAC WELL SERVICES LTD.

Ronald P. Mathison
Executive Chairman

cc. Mr. Gregory S. Fletcher, Lead Director

Calfrac Well Services
An API Q2 and ISO 9001 Company
411 - 8 Avenue SW, Calgary, Alberta T2P 1E3
P 1-866-770-3722

calfrac.com

July 2, 2020

Mr. Matt Wilks
Wilks Brothers
Cisco, Texas
USA

Attention: Mr. Matt Wilks

Re: Reply to Your Letter of June 30, 2020

We acknowledge receipt of the amended transaction proposal of Wilks Brothers, LLC ("Wilks"), attached to your email of June 30, 2020 (the "Amended Proposal").

Calfrac Well Services Ltd. ("Calfrac") and its financial advisors have carefully analyzed the Amended Proposal, and Calfrac's board of directors has reviewed and discussed it.

We are writing today to decline the Amended Proposal, for substantially the same reasons that we declined your prior transaction proposal of June 22, 2020 (the "June 22 Proposal"). As was the case with the June 22 Proposal, the **value** being offered for the largest and most valuable division of Calfrac remains inadequate.

In addition, we do not see any prospect of Calfrac's senior bank lenders being willing to release the significant majority of their collateral, on which they hold a first charge, in exchange for a very modest consent fee, with no proposed paydown of their debt. The Amended Proposal is therefore **not a practical or executable one.**

A further problem would arise from the residual amount of existing debt that would remain in Calfrac under the Amended Proposal.

Using round numbers, the Amended Proposal seeks to convey to Calfrac: second lien notes with a market value of USD$45-$47 million (face value of USD$60 million); plus USD$60.5 million in cash to repurchase unsecured notes; plus a proposed USD$2 million in consent fees. This totals approximately **USD$122.5 million (CAD$166.6 million)**, using the full face value of the second lien notes, rather than their lower market value, or less than USD$110 million using the recent market trading prices of the second lien notes.

If we compare the value proposed by Wilks for Calfrac's U.S. operations (which represent approximately 2/3 of Calfrac's business) with the amount of debt that would be outstanding on the remaining 1/3 of the business under the Amended Proposal, the debt in the continuing business would be **vastly disproportionate**.

The Amended Proposal would leave outstanding roughly CAD$176 million of debt under the senior, revolving term loan facility; lease obligations of approximately CAD$37 million, and the balance of the

second lien notes (held by parties other than Wilks) of approximately USD$60 million (CAD$81.6 million). This totals **CAD$294.6 million**, less the operating cash balances that may be present at a given time in any of the divisions.

It is clear that a proposal to sell 2/3 of a business for approximately CAD$166.6 million, and then leave the remaining 1/3 of the business burdened with CAD$294.6 million of debt cannot make sense to many of Calfrac's stakeholders, including the senior bank lenders, the other half of the second lien noteholders, and the Calfrac common shareholders, present or future.

Please let us know if you would like to reconsider signing a Non-Disclosure Agreement with us, and if you would like to speak further.

Sincerely,

CALFRAC WELL SERVICES LTD.

Ronald P. Mathison
Executive Chairman

cc. Mr. Gregory S. Fletcher, Lead Director

Calfrac Well Services
An API Q2 and ISO 9001 Company
411 - 8 Avenue SW, Calgary, Alberta T2P 1E3
P 1-866-770-3722

calfrac.com

July 6, 2020

Mr. Matt Wilks
Wilks Brothers
Cisco, Texas
USA

Attention: Mr. Matt Wilks

Re: Follow-up to your call this morning

After our telephone call this morning, I thought that I should reply in writing on several of the matters that you raised.

We have no desire to be difficult or to argue with anyone, but the Calfrac board of directors, and its advisors, feel that they must serve the interests of all the stakeholders of the Company.

I will just briefly go over the main points in our replies to date, with some modest elaboration.

Value

As we have indicated previously, an offer of **USD $122.5 million (CAD $166.5 million)** for roughly 2/3 of Calfrac's consolidated business does not reflect fair value for such a large share of our overall business and assets.

As you know, one convention in the oilfield services industry is to discuss values on a "per hydraulic horsepower" basis. The proposal that you are making, particularly after deducting off the value of our other U.S. assets, such as land, buildings and inventories, would represent the **lowest attributed value per hydraulic horsepower ("hhp") that either we or our advisors have ever seen.**

We would also invite you to compare the value per hhp that you are proposing to us, for our very well-maintained assets, with the values that Wilks has presented for its own pressure pumping business, both in prior discussions with us and with others.

Inability to Execute

While I am probably being repetitive, your proposed concept that the banks, who hold the first charge on Calfrac's assets, accept a USD $1 million consent fee to give up the majority of their collateral to someone else is not realistic.

Your proposal seeks to leave the most senior creditors of Calfrac with roughly 1/3 of the collateral that they currently hold, and the Company would then still owe **CAD $294.6 million on remaining debt**. The largest share of that pro forma debt would still be owed to the most senior creditors, being the banks.

A portion of the remaining collateral assets would be located in Russia and Argentina, rather than in North America, which is not nearly as attractive as collateral. Corporate costs and future obligations would, in your construct, mostly stay with the remaining entity.

We keep coming round to the reality that the Company does not feel that the proposed remaining indebtedness makes sense against the assets that are suggested to remain. In addition, the banks have no incentive to give up most of their collateral for essentially no consideration.

Correlation is Not Causation

In both your written and oral communications with us, you continue to place great emphasis on the aggregate reduction in Calfrac's indebtedness that would prospectively occur under your proposals.

The vast majority of this suggested debt reduction would arise from the fact that Calfrac's obligations to the Unsecured Noteholders will be compromised.

A key point from our perspective is that the compromise of the Unsecured Notes for a dramatically lower value is likely to happen whether there is a deal with you or with anyone else, or simply a corporate restructuring.

As a result, to portray the reduction in the Unsecured Notes obligation as a positive consequence of your proposal is not accurate. That compromise, which we regret is necessary, is planned to happen in any event and is fully anticipated by the market in the trading price of the Unsecured Notes.

Non-Disclosure Agreement ("NDA")

I went back over the e-mails and conversation notes among you and me, our respective legal counsel and some of the financial advisors on the subject of the NDA.

Sending you actual excerpts likely adds more heat than light to the discussion, but any objective review of the communication would show:

- That a form of NDA was substantially agreed upon and that you had indicated that you would sign it;
- That we were essentially only waiting for your signature; and
- That the subject of the ongoing lawsuit, and the court's prior judgement in Calfrac's favor, was not tied to the NDA.

I want to say two things on this subject. Calfrac should not reasonably be blamed for a decision on your part to subsequently decline to sign an NDA with us, after you and your legal counsel had indicated that you were satisfied with it. In addition, raising now, but not previously, that the signing of the NDA and the settlement of the lawsuit had to be linked, from your perspective, would have been better discussed at the time, instead of now.

Conclusion

While there are some new perspectives in the discussion above, you can see that the essence of our reply is still intact. I would mention again that each of the proposals made by Wilks has been reviewed by Calfrac's board of directors and its financial advisors. The reasons for declining your proposals are consistent among us all, and are summarized above.

If you do have an alternate proposal that you would like us to consider, we would be happy to do so and to reply again.

Sincerely,

CALFRAC WELL SERVICES LTD.

Ronald P. Mathison
Executive Chairman

cc. Mr. Gregory S. Fletcher, Lead Director

Exhibit "23"

THIS IS EXHIBIT " 23 " REFERRED TO IN
THE AFFIDAVIT OF RONALD P. MATHISON
AFFIRMED BEFORE ME THIS 13th DAY OF
JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Simard

MANAGEMENT'S LETTER

To the Shareholders of Calfrac Well Services Ltd.

The accompanying consolidated financial statements and all information in the Annual Report are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with the accounting policies set out in the accompanying notes to the consolidated financial statements. When necessary, management has made informed judgments and estimates in accounting for transactions that were not complete at the balance sheet date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards (IFRS) appropriate in the circumstances. The financial information elsewhere in the Annual Report has been reviewed to ensure consistency with that in the consolidated financial statements.

Management has prepared the Management's Discussion and Analysis (MD&A). The MD&A is based on the Company's financial results prepared in accordance with IFRS. The MD&A compares the audited financial results for the years ended December 31, 2019 and December 31, 2018.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the preparation of financial statements.

PricewaterhouseCoopers LLP, an independent firm of chartered professional accountants, was engaged, as approved by a vote of shareholders at the Company's most recent annual meeting, to audit the consolidated financial statements in accordance with IFRS and provide an independent professional opinion.

The Audit Committee of the Board of Directors, which is comprised of four independent directors who are not employees of the Company, has discussed the consolidated financial statements, including the notes thereto, with management and the external auditors. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

Lindsay R. Link
President and Chief Operating Officer

Michael D. Olinek
Chief Financial Officer

March 4, 2020
Calgary, Alberta, Canada

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Calfrac Well Services Ltd.

OUR OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Calfrac Well Services Ltd. and its subsidiaries (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What We Have Audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2019 and 2018;
- the consolidated statements of operations for the years then ended;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Reynold Tetzlaff.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

March 4, 2020
Calgary, Alberta, Canada

CONSOLIDATED BALANCE SHEETS

As at December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
ASSETS		
Current assets		
Cash and cash equivalents	**42,562**	51,901
Accounts receivable	**216,647**	349,431
Income taxes recoverable	**1,608**	582
Inventories (note 3)	**127,620**	150,123
Prepaid expenses and deposits	**17,489**	17,527
	405,926	569,564
Non-current assets		
Property, plant and equipment (note 4)	**969,944**	1,116,677
Right-of-use assets (note 10)	**29,760**	—
Deferred income tax assets (note 8)	**120,292**	96,416
Total assets	**1,525,922**	1,782,657
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**143,225**	239,507
Current portion of lease obligations (note 10)	**13,929**	186
	157,154	239,693
Non-current liabilities		
Long-term debt (note 5)	**976,693**	989,614
Lease obligations (note 10)	**16,990**	552
Deferred income tax liabilities (note 8)	**6,462**	38,978
Total liabilities	**1,157,299**	1,268,837
Equity attributable to the shareholders of Calfrac		
Capital stock (note 6)	**509,235**	508,276
Contributed surplus	**44,316**	40,453
Loan receivable for purchase of common shares	**(2,500)**	(2,500)
Accumulated deficit	**(185,174)**	(28,971)
Accumulated other comprehensive income (loss)	**2,746**	(3,438)
Total equity	**368,623**	513,820
Total liabilities and equity	**1,525,922**	1,782,657

Commitments (note 9); Contingencies (note 20)
See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors,

Ronald P. Mathison, Director

Gregory S. Fletcher, Director

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31,	**2019**	2018
(C$000s, except per share data)	***($)***	*($)*
Revenue (note 16)	**1,620,955**	2,256,426
Cost of sales (note 17)	**1,659,564**	2,043,130
Gross (loss) profit	**(38,609)**	213,296
Expenses		
Selling, general and administrative	**69,874**	91,946
Foreign exchange losses	**6,341**	38,047
Loss on disposal of property, plant and equipment	**1,870**	160
Impairment of property, plant and equipment (note 4)	**2,165**	115
Impairment of inventory (note 3)	**3,744**	7,167
Interest	**85,826**	106,630
	169,820	244,065
Loss before income tax	**(208,429)**	(30,769)
Income tax expense (recovery)		
Current	**3,014**	4,342
Deferred	**(55,240)**	(8,934)
	(52,226)	(4,592)
Net loss	**(156,203)**	(26,177)
Net loss attributable to:		
Shareholders of Calfrac	**(156,203)**	(18,188)
Non-controlling interest	**—**	(7,989)
	(156,203)	(26,177)
Loss per share (note 6)		
Basic	**(1.08)**	(0.13)
Diluted	**(1.08)**	(0.13)

See accompanying notes to the consolidated financial statements.
Certain of the comparatives have been reclassified to conform with the current presentation (note 2e).

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Years Ended December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
Net loss	**(156,203)**	(26,177)
Other comprehensive income (loss)		
Items that may be subsequently reclassified to profit or loss:		
Change in foreign currency translation adjustment	**6,184**	(7,379)
Comprehensive loss	**(150,019)**	(33,556)
Comprehensive loss attributable to:		
Shareholders of Calfrac	**(150,019)**	(26,560)
Non-controlling interest	**—**	(6,996)
	(150,019)	(33,556)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to the Shareholders of Calfrac							
	Share Capital	Contributed Surplus	Loan Receivable for Purchase of Common Shares	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total	Non-Controlling Interest	**Total Equity**
(C$000s)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	***($)***
Balance – Jan. 1, 2019	**508,276**	**40,453**	**(2,500)**	**(3,438)**	**(28,971)**	**513,820**	**—**	**513,820**
Net loss	—	—	—	—	(156,203)	(156,203)	—	**(156,203)**
Other comprehensive income (loss):								
Cumulative translation adjustment	—	—	—	6,184	—	6,184	—	**6,184**
Comprehensive income (loss)	—	—	—	6,184	(156,203)	(150,019)	—	**(150,019)**
Stock options:								
Stock-based compensation recognized	—	3,030	—	—	—	3,030	—	**3,030**
Proceeds from issuance of shares (note 6)	252	(56)	—	—	–	196	—	**196**
Performance share units:								
Stock-based compensation recognized	—	1,596	—	—	—	1,596	—	**1,596**
Shares issued (note 6)	707	(707)	—	—	—	—		**—**
Balance – Dec. 31, 2019	**509,235**	**44,316**	**(2,500)**	**2,746**	**(185,174)**	**368,623**	**—**	**368,623**
Balance – Jan. 1, 2018	501,456	35,094	(2,500)	2,728	21,268	558,046	(14,401)	543,645
Net loss	—	—	—	—	(18,188)	(18,188)	(7,989)	(26,177)
Other comprehensive income (loss):								
Cumulative translation adjustment	—	—	—	(8,372)	—	(8,372)	993	(7,379)
Comprehensive loss	—	—	—	(8,372)	(18,188)	(26,560)	(6,996)	(33,556)
Stock options:								
Stock-based compensation recognized	—	4,637	—	—	—	4,637	—	4,637
Proceeds from issuance of shares (note 6)	1,820	(453)	—	—	–	1,367	—	1,367
Performance share units:								
Stock-based compensation recognized	—	1,175	—	—	—	1,175	—	1,175
Acquisition:								
Shares issued (notes 6 and 13)	1,250	—	—	—	—	1,250	—	1,250
Shares to be issued (notes 6 and 13)	3,750	—	—	—	—	3,750	—	3,750
Loss on acquisition	—	—	—	—	(5,799)	(5,799)	—	(5,799)
Purchase of non-controlling interest	—	—	—	2,206	(26,252)	(24,046)	21,397	(2,649)
Balance – Dec. 31, 2018	508,276	40,453	(2,500)	(3,438)	(28,971)	513,820	—	513,820

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss	**(156,203)**	(26,177)
Adjusted for the following:		
Depreciation	**261,227**	190,475
Stock-based compensation	**4,626**	5,812
Unrealized foreign exchange losses	**2,041**	11,465
Loss on disposal of property, plant and equipment	**1,870**	160
Impairment of property, plant and equipment (note 4)	**2,165**	115
Impairment of inventory (note 3)	**3,744**	7,167
Interest	**85,826**	106,630
Interest paid	**(80,728)**	(88,329)
Deferred income taxes	**(55,240)**	(8,934)
Changes in items of working capital (note 12)	**62,696**	(13,638)
Cash flows provided by operating activities	**132,024**	184,746
FINANCING ACTIVITIES		
Issuance of long-term debt, net of debt issuance costs	**83,632**	1,061,728
Long-term debt repayments	**(59,760)**	(1,120,992)
Lease obligation principal repayments	**(20,047)**	(176)
Proceeds on issuance of common shares	**196**	1,367
Cash flows provided by (used in) financing activities	**4,021**	(58,073)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment (note 12)	**(147,370)**	(157,187)
Proceeds on disposal of property, plant and equipment	**7,224**	7,380
Proceeds on disposal of right-of-use assets	**1,254**	—
Other	**—**	(7)
Cash flows used in investing activities	**(138,892)**	(149,814)
Effect of exchange rate changes on cash and cash equivalents	**(6,492)**	22,293
Decrease in cash and cash equivalents	**(9,339)**	(848)
Cash and cash equivalents, beginning of year	**51,901**	52,749
Cash and cash equivalents, end of year	**42,562**	51,901

See accompanying notes to the consolidated financial statements.
Certain of the comparatives have been reclassified to conform with the current presentation (note 2e).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the years ended December 31, 2019 and 2018

(Amounts in text and tables are in thousands of Canadian dollars, except share data and certain other exceptions as indicated)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Calfrac Well Services Ltd. (the "Company") was formed through the amalgamation of Calfrac Well Services Ltd. (predecessor company originally incorporated on June 28, 1999) and Denison Energy Inc. ("Denison") on March 24, 2004 under the Business Corporations Act (Alberta). The registered office is at 411 - 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1E3. The Company provides specialized oilfield services, including hydraulic fracturing, coiled tubing, cementing and other well completion services to the oil and natural gas industries in Canada, the United States, Russia and Argentina.

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations by the International Financial Reporting Interpretations Committee (IFRIC).

With the exception of IFRS 16 *Leases* and the changes in policy relating to major components of field equipment (both disclosed in note 2), the Company has consistently applied the same accounting policies throughout the periods presented, as if these policies had always been in effect.

These financial statements were approved by the Board of Directors for issuance on March 4, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The policies set out below were consistently applied to the periods presented.

(a) Basis of Measurement

The consolidated financial statements were prepared under the historical cost convention, except for the revaluation of certain financial assets and liabilities to fair value.

(b) Principles of Consolidation

These financial statements include the accounts of the Company and its wholly-owned subsidiaries in Canada, the United States, Russia and Argentina. All inter-company transactions, balances and resulting unrealized gains and losses are eliminated upon consolidation.

Subsidiaries are those entities which the Company controls by having the power to govern their financial and operating policies. The existence and effect of voting rights that are exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated upon the Company obtaining control and are deconsolidated upon control ceasing.

(c) Changes in Accounting Standards and Disclosures

The IASB issued IFRS 16 *Leases*, which requires that lessees recognize lease liabilities and right-of-use (ROU) assets related to its lease commitments on the balance sheet. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

In accordance with the transition provisions in IFRS 16, the Company elected to adopt the new standard using the modified retrospective approach by recognizing the cumulative effect of initially applying the new standard on January 1, 2019 using the simplified right-of-use asset measurement method. Comparatives for the prior reporting period are not restated, as permitted under the specific transitional provisions in the standard. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of January 1, 2019. The associated ROU asset is measured at the lease liability amount on January 1, 2019, resulting in no adjustment to the opening balance of retained earnings.

The Company elected to use the following practical expedients permitted under the new standard:

- Leases with a remaining lease term of twelve months or less as at January 1, 2019 are considered short-term leases. As such, payments for such leases will be expensed as incurred.

- Leases of low value based on the value of the asset when it is new, regardless of the age of the asset, will be expensed as incurred.

Several key judgments and estimates were made such as assessing whether an arrangement contains a lease, determining the lease term, calculating the incremental borrowing rate and whether to account for the lease and any non-lease components as a single lease component.

The Company is subject to financial covenants relating to working capital, leverage and the generation of cash flow in respect of its operating and revolving credit facilities. The adoption of IFRS 16 has no impact on the Company's reported bank covenants as the effects of the new standard are excluded from the covenant calculations.

See note 10 for further information on leases.

Prior to January 1, 2019, the Company applied IAS 17 *Leases* to its accounting for leases.

(d) Changes in Accounting Estimates

Depreciation of the Company's property, plant and equipment incorporates estimates of useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change, thereby affecting the value of the Company's property, plant and equipment.

Effective January 1, 2019, the Company revised its useful life depreciation estimate and salvage value for certain of its components relating to field equipment. This change was adopted as a change in accounting estimate on a prospective basis, which resulted in a one-time depreciation charge of $9,540 to the statement of operations.

(e) Revisions and Adjustments

Effective April 1, 2019, the Company revised its policy regarding the derecognition of major components relating to field equipment. The revised policy states that the remaining carrying value of major components derecognized prior to reaching their estimated useful life will be recorded through depreciation on the statement of operations, rather than loss on disposal of property, plant and equipment. This change in presentation is a more appropriate classification of the derecognition of major components, indicating accelerated depreciation for components that were derecognized prior to reaching their estimated useful life.

The change in accounting policy was adopted on a retrospective basis, with each prior period presented in the statements of operations being restated to reflect the change. The change in policy resulted in a reclassification of loss on disposal of property, plant and equipment to depreciation expense on the statement of operations of $30,157 for the year ended December 31, 2018.

(f) Critical Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires that certain estimates and judgments be made concerning the reported amount of revenue and expenses and the carrying values of assets and liabilities. These estimates are based on historical experience and management's judgment. The estimation of anticipated future events involves uncertainty and, consequently, the estimates used by management in the preparation of the consolidated financial statements may change as future events unfold, additional experience is acquired or the environment in which the Company operates changes. The accounting policies and practices that involve the use of estimates that have a significant impact on the Company's financial results include the allowance for doubtful accounts, depreciation, the fair value of financial instruments, income taxes, and stock-based compensation.

Judgment is also used in the determination of cash-generating units (CGUs), impairment or reversal of impairment of non-financial assets and the functional currency of each subsidiary.

i) Allowance for Doubtful Accounts

The Company performs ongoing credit evaluations of its customers and grants credit based on a review of historical collection experience, current aging status, the customer's financial condition and anticipated industry conditions. Customer payments are regularly monitored and a provision for doubtful accounts is established based on expected and incurred losses and overall industry conditions. See note 11 for further information on the allowance of doubtful accounts.

ii) Depreciation

Depreciation of the Company's property and equipment incorporates estimates of useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change, thereby affecting the value of the Company's property and equipment.

iii) Fair Value of Financial Instruments

The Company's financial instruments included in the consolidated balance sheets are comprised of cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities, bank loan, long-term debt and lease obligations.

The fair values of these financial instruments, except long-term debt, approximate their carrying amounts due to their short-term maturity. The fair value of the senior unsecured notes is based on the closing market price at the reporting period's end-date, as described in note 5. The fair values of the remaining long-term debt and lease obligations approximate their carrying values.

iv) Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement amounts of existing assets and liabilities and their respective tax bases. Estimates of the Company's future taxable income were considered in assessing the utilization of available tax losses. The Company's business is complex and the calculation of income taxes involves many complex factors as well as the Company's interpretation of relevant tax legislation and regulations.

See note 8 for further information on income taxes.

v) Share-Based Payments

The fair value of stock options is estimated at the grant date using the Black-Scholes option pricing model, which includes underlying assumptions related to the risk-free interest rate, average expected option life, estimated forfeitures, estimated volatility of the Company's shares and anticipated dividends.

The fair value of the deferred share units, performance share units and restricted share units is recognized based on the market value of the Company's shares underlying these compensation programs.

See note 7 for further information on share-based payments.

vi) Functional Currency

Management applies judgment in determining the functional currency of its foreign subsidiaries. Judgment is made regarding the currency that influences and determines sales prices, labour, material and other costs as well as financing and receipts from operating income. See note 2(g) for information regarding a change in the functional currency of one of the Company's subsidiaries.

vii) Cash-Generating Units

The determination of CGUs is based on management's judgment regarding shared equipment, mobility of equipment, geographical proximity, and materiality.

viii) Impairment or Reversal of Impairment of Property, Plant and Equipment

Property, plant and equipment are tested for impairment when events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount of cash-generating units are determined based on the higher of fair value less costs of disposal and value in use calculations. These calculations require the use of judgment applied by management regarding forecasted activity levels, expected future results, and discount rates. See note 4 for further information on impairment of property, plant and equipment.

Assessment of reversal of impairment is based on management's judgment of whether there are internal and external factors that would indicate that the conditions for reversal of impairment of an asset or CGU are present.

(g) Foreign Currency Translation

i) Functional and Presentation Currency

Each of the Company's subsidiaries is measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency.

The financial statements of the subsidiaries that have a different functional currency are translated into Canadian dollars whereby assets and liabilities are translated at the rate of exchange at the balance sheet date, revenue and expenses are translated at average monthly exchange rates (as this is considered a reasonable approximation of actual rates), and gains and losses in translation are recognized in shareholders' equity as accumulated other comprehensive income.

The following foreign entities have a functional currency other than the Canadian dollar:

Entity	Functional Currency
United States	U.S. dollar
Russia	Russian rouble
Argentina	U.S. dollar

In the event the Company disposed of its entire interest in a foreign operation, or lost control, joint control, or significant influence over a foreign operation, the related foreign currency gains or losses accumulated in other comprehensive income would be recognized in profit or loss. If the Company disposed of part of an interest in a foreign operation which remained a subsidiary, a proportionate amount of the related foreign currency gains or losses accumulated in other comprehensive income would be reallocated between controlling and non-controlling interests.

On July 1, 2018, the functional currency of Calfrac Well Services (Argentina) S.A, a subsidiary of the Company, changed to the U.S. dollar from the Argentinean peso. The change was implemented as a result of the acquisition of Vision Sur SRL, the entity that held the non-controlling interest in Calfrac Well Services (Argentina) S.A. (as disclosed in note 13). The Company has full decision making authority over Calfrac Well Services (Argentina) S.A., which is now a wholly-owned subsidiary. In addition, an analysis was performed by management which determined that the majority of its business transactions are now either conducted in U.S. dollars or are being indexed to the U.S. dollar. Revenue has transitioned over time whereby now nearly all revenue contracts are priced in U.S. dollars. A large portion of expenses that in prior periods were priced in Argentinean pesos are now either priced in U.S. dollars or are being indexed to U.S. dollars. The debt balances are also denominated in U.S. dollars.

On the date of the change in functional currency, all assets, liabilities and equity were translated into U.S. dollars at the exchange rate as of that date. The Company has adopted a policy to translate equity items at the historical rate when translating from functional currency to presentation currency.

ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the consolidated statements of operations.

(h) Financial Instruments

The impairment model under IFRS 9 *Financial Instruments* requires the recognition of impairment provisions based on expected and incurred credit losses rather than only incurred credit losses. The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss model to its trade accounts receivable. Lifetime expected credit losses are the result of all possible default events over the expected life of the financial instrument.

i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes.

The Company does not have any hedging arrangements.

ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other gains and losses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains or losses and impairment expenses are presented as separate line item in profit or loss.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or less. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognized in profit or loss and presented net within other gains or losses in the period in which it arises.

See note 11 for further information on financial instruments.

(i) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with original maturities of three months or less.

(j) Inventory

Inventory consists of chemicals, sand and proppant, coiled tubing, cement, nitrogen and carbon dioxide used to stimulate oil and natural gas wells, as well as spare equipment parts. Inventory is stated at the lower of cost, determined on a first-in, first-out basis, and net realizable value. Net realizable value is the estimated selling price less applicable selling expenses. If carrying

value exceeds net realizable amount, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

(k) Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statements of operations during the period in which they are incurred.

Property, plant and equipment are depreciated over their estimated useful economic lives using the straight-line method over the following periods:

Field equipment	1 – 30 years
Buildings	20 years
Shop, office and other equipment	5 years
Computers and computer software	3 years
Leasehold improvements	Term of the lease

Depreciation of an asset begins when it is available for use. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. Assets under construction are not depreciated until they are available for use.

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant components and depreciates each component separately. Residual values, method of amortization and useful lives are reviewed annually and adjusted, if appropriate.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the assets and are included in the consolidated statements of operations.

(l) Borrowing Costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Qualifying assets are defined as assets which take a substantial period to construct (generally greater than one year). All other borrowing costs are recognized as interest expense in the consolidated statements of operations in the period in which they are incurred. The Company does not currently have any qualifying assets.

(m) Non-Controlling Interests

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

(n) Impairment or Reversal of Impairment of Non-Financial Assets

Property, plant and equipment are tested for impairment when events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. Long-lived assets that are not amortized are subject to an annual impairment test. For the purpose of measuring recoverable amounts, assets are grouped in CGUs, the lowest level with separately identifiable cash inflows that are largely independent of the cash inflows of other assets. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (defined as the present value of the future cash flows to be derived from an asset). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of that asset to determine if the reversal of impairment loss is supported.

(o) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statements of operations except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except, in the case of subsidiaries, when the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities when there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are presented as non-current.

For the purposes of calculating income taxes during interim periods, the Company utilizes estimated annualized income tax rates. Current income tax expense is only recognized when taxable income is such that current income tax becomes payable.

(p) Revenue Recognition

Under IFRS 15 *Revenue from Contracts with Customers*, the Company recognizes revenue for services rendered when the performance obligations have been completed, as control of the services transfer to the customer, when the services performed have been accepted by the customer, and collectability is reasonably assured. The consideration for services rendered is measured at the fair value of the consideration received and allocated based on their standalone selling prices. The standalone selling prices are determined based on the agreed upon list prices at which the Company sells its services in separate transactions. Payment terms with customers vary by country and contract. Standard payment terms are 30 days from invoice date.

Revenue for the sale of product is recognized when control or ownership of the product is transferred to the customer and collectability is reasonably assured.

Revenue is measured net of returns, trade discounts and volume discounts.

The Company does not expect to have any revenue contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

See note 16 for further information on revenue.

(q) Stock-Based Compensation Plans

The Company recognizes compensation cost for the fair value of stock options granted. Under this method, the Company records the fair value of stock option grants based on the number of options expected to vest over their vesting period as a charge to compensation expense and a credit to contributed surplus. The fair value of each tranche within an award is considered

a separate award with its own vesting period and grant date. The fair value of each tranche within an award is measured at the date of grant using the Black-Scholes option pricing model.

The number of awards expected to vest is reviewed on an ongoing basis, with any impact being recognized immediately.

The Company recognizes compensation cost for the fair value of deferred share units granted to its outside directors and performance share units granted to its senior officers who do not participate in the stock option plan. The fair value of the deferred share units and performance share units is recognized based on the market value of the Company's shares underlying these compensation programs.

The Company recognizes compensation cost for the fair value of restricted share units and performance share units granted to its employees. The fair value of the restricted share units is recognized based on the market value of the Company's shares underlying this compensation program.

(r) Business Combinations

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition is the fair value of the assets transferred and the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of operations as a gain on acquisition.

(s) Recently Issued Accounting Standards Not Yet Applied

There are no recently issued accounting standards not yet applied that are applicable to the Company.

3. INVENTORIES

As at December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
Spare equipment parts	**83,146**	90,409
Chemicals	**20,547**	25,024
Sand and proppant	**9,864**	17,558
Coiled tubing	**9,290**	9,860
Other	**4,773**	7,272
	127,620	150,123

For the year ended December 31, 2019, the cost of inventories recognized as an expense and included in cost of sales was approximately $574,000 (year ended December 31, 2018 – $830,000).

The Company reviews the carrying value of its inventory on an ongoing basis for obsolescence and to verify that the carrying value exceeds the net realizable amount. For the year ended December 31, 2019, the Company recorded an impairment charge of $3,744 to write-down inventory to its net realizable amount in Canada, United States and Argentina (year ended December 31, 2018 – $7,167).

Years Ended December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
United States	**2,108**	2,218
Canada	**656**	699
Argentina	**980**	447
Mexico	**—**	3,803
	3,744	7,167

4. PROPERTY, PLANT AND EQUIPMENT

Year Ended December 31, 2019	**Opening Net Book Value**	**Additions**	**Disposals**	**Impairment**	**Depreciation**	**Foreign Exchange Adjustments**	**Closing Net Book Value**
(C$000s)	***($)***	***($)***	***($)***	***($)***	***($)***	***($)***	***($)***
Assets under construction[1]	**78,780**	**(40,197)**	**—**	**—**	**—**	**(411)**	**38,172**
Field equipment	**929,669**	**175,254**	**(6,672)**	**(2,165)**	**(232,231)**	**(27,738)**	**836,117**
Field equipment under finance lease[2]	**898**	**—**	**(737)**	**—**	**(161)**	**—**	**—**
Buildings	**57,723**	**154**	**(1,708)**	**—**	**(4,807)**	**(3,124)**	**48,238**
Land	**41,966**	**170**	**(1,657)**	**—**	**—**	**(1,124)**	**39,355**
Shop, office and other equipment	**3,621**	**1,510**	**(83)**	**—**	**(1,238)**	**(245)**	**3,565**
Computers and computer software	**3,181**	**2,404**	**—**	**—**	**(1,622)**	**79**	**4,042**
Leasehold improvements	**839**	**10**	**—**	**—**	**(148)**	**(246)**	**455**
	1,116,677	**139,305**	**(10,857)**	**(2,165)**	**(240,207)**	**(32,809)**	**969,944**

[1] Additions for assets under construction are net of transfers into the other categories of property, plant and equipment, when they become available for use.
[2] In the previous year 2018, the Company recognized lease assets and lease obligations in relation to leases that were classified as "finance leases" under IAS 17 Leases. These assets were presented in property, plant and equipment. On January 1, 2019, upon the adoption of IFRS 16 Leases, the Company's finance leases were transferred to "right-of-use assets".

As at December 31, 2019	**Cost**	**Accumulated Depreciation**	**Net Book Value**
(C$000s)	***($)***	***($)***	***($)***
Assets under construction	**38,172**	**—**	**38,172**
Field equipment	**2,231,043**	**(1,394,926)**	**836,117**
Field equipment under finance lease	**1,683**	**(1,683)**	**—**
Buildings	**90,070**	**(41,832)**	**48,238**
Land	**39,355**	**—**	**39,355**
Shop, office and other equipment	**27,728**	**(24,163)**	**3,565**
Computers and computer software	**32,435**	**(28,393)**	**4,042**
Leasehold improvements	**8,713**	**(8,258)**	**455**
	2,469,199	**(1,499,255)**	**969,944**

Year Ended December 31, 2018	Opening Net Book Value	Additions	Disposals	Impairment	Depreciation	Foreign Exchange Adjustments	Closing Net Book Value
(C$000s)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*
Assets under construction[(1)]	59,192	14,736	—	(43)	—	4,895	78,780
Field equipment	948,843	138,539	(37,634)	(72)	(152,688)	32,681	929,669
Field equipment under finance lease	959	—	—	—	(61)	—	898
Buildings	58,602	2,421	—	—	(4,808)	1,508	57,723
Land	40,050	—	—	—	—	1,916	41,966
Shop, office and other equipment	4,815	599	(63)	—	(1,365)	(365)	3,621
Computers and computer software	1,110	3,188	—	—	(1,135)	18	3,181
Leasehold improvements	1,114	281	—	—	(261)	(295)	839
	1,114,685	159,764	(37,697)	(115)	(160,318)	40,358	1,116,677

[(1)] Additions for assets under construction are net of transfers into the other categories of property, plant and equipment, when they become available for use.

As at December 31, 2018	Cost	Accumulated Depreciation	Net Book Value
(C$000s)	*($)*	*($)*	*($)*
Assets under construction	78,780	—	78,780
Field equipment	2,062,461	(1,132,792)	929,669
Field equipment under finance lease	2,420	(1,522)	898
Buildings	91,624	(33,901)	57,723
Land	41,966	—	41,966
Shop, office and other equipment	26,301	(22,680)	3,621
Computers and computer software	30,031	(26,850)	3,181
Leasehold improvements	8,703	(7,864)	839
	2,342,286	(1,225,609)	1,116,677

Property, plant and equipment are tested for impairment in accordance with the Company's accounting policy. The Company reviews the carrying value of its property, plant and equipment at each reporting period for indicators of impairment. The Company's financial results have been negatively impacted by lower activity in certain CGUs combined with weaker pricing levels. The Company recognizes this is an indicator of impairment that warrants an assessment on the recoverable amount of its property, plant and equipment.

The Company's CGUs are determined to be at the country level, consisting of Canada, the United States, Russia and Argentina.

The recoverable amount of property, plant and equipment was determined using the value in use method, based on multi-year discounted cash flows to be generated from the continuing operations of each CGU. Cash flow assumptions were based on a combination of historical and expected future results, using the following main key assumptions:

- Commodity price forecasts
- Expected revenue growth
- Expected operating income growth
- Discount rate

Revenue and operating income growth rates for each CGU were based on a combination of commodity price assumptions, historical results and forecasted activity levels, which incorporated pricing, utilization and cost improvements over the period. The cumulative annual growth rates for revenue over the forecast period from 2020 to 2024 ranged from 4.7 percent to 18.6 percent depending on the CGU.

The cash flows were prepared on a five-year basis, using a discount rate ranging from 13.2 percent to 21.2 percent depending on the CGU. Discount rates are derived from the Company's weighted average cost of capital, adjusted for risk factors specific to each CGU. Cash flows beyond that five-year period have been extrapolated using a steady 2.0 percent growth rate.

A comparison of the recoverable amounts of each cash-generating unit with their respective carrying amounts resulted in no impairment against property, plant and equipment for the year ended December 31, 2019 (year ended December 31, 2018 – $nil).

A sensitivity analysis on the discount rate and expected future cash flows would have the following impact:

	Impairment			
	Canada	United States	Russia	Argentina
(C$000s)	*($)*	*($)*	*($)*	*($)*
10% increase in expected future cash flows	None	None	None	None
10% decrease in expected future cash flows	None	None	None	None
1% decrease in discount rate	None	None	None	None
1% increase in discount rate	None	None	None	None

Assumptions that are valid at the time of preparing the impairment test at December 31, 2019 may change significantly when new information becomes available. The Company will continue to monitor and update its assumptions and estimates with respect to property, plant and equipment impairment on an ongoing basis.

Furthermore, the Company carried out a comprehensive review of its property, plant and equipment and identified assets that were permanently idle or obsolete, and therefore, no longer able to generate cash inflows. These assets were written down to their recoverable amount resulting in an impairment charge of $2,165 for the year ended December 31, 2019 (year ended December 31, 2018 – $115).

The impairment losses by CGU are as follows:

Years Ended December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
Canada	**1,921**	—
United States	**244**	—
Mexico	**—**	115
	2,165	115

5. LONG-TERM DEBT

As at December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
US$650,000 senior unsecured notes due June 15, 2026, bearing interest at 8.50% payable semi-annually	**844,220**	886,730
$375,000 extendible revolving term loan facility, secured by Canadian and U.S. assets of the Company	**147,988**	120,000
Less: unamortized debt issuance costs	**(15,515)**	(17,116)
	976,693	989,614

The fair value of the senior unsecured notes, as measured based on the closing quoted market price at December 31, 2019, was $342,078 (December 31, 2018 – $661,492). The carrying value of the revolving term loan facility approximates its fair value as the interest rate is not significantly different from current interest rates for similar loans.

On May 30, 2018, the Company closed a private offering of US$650,000 aggregate principal amount of its 8.50 percent senior notes due 2026. Fixed interest on the notes is payable on June 15 and December 15 of each year. The notes will mature on June 15, 2026, and provide the Company with the option to redeem up to 10 percent of the aggregate principal amount of the notes at a redemption price of 108.50 percent of the principal amount with the proceeds of asset sales at any time prior to December 15, 2019. The Company used a portion of the net proceeds from the offering of the notes to repay all of its outstanding 7.50 percent senior notes due 2020. The early repayment of these notes resulted in a make-whole interest payment of $10,403 and the write-off of the remaining $5,023 unamortized deferred finance costs, recorded during 2018.

On May 31, 2018, the Company repaid in full the remaining $196,500 principal amount of its second lien senior secured term loan facility. The term loan, which had a maturity date of September 30, 2020, provided the Company the right to prepay the loan prior to June 10, 2018 with a nominal prepayment premium. The repayment of the second lien senior secured term loan facility resulted in the write-off of the remaining unamortized deferred finance costs of $5,787, recorded during 2018.

On April 30, 2019, Calfrac amended and extended its credit facilities while maintaining its total facility capacity at $375,000. The facilities consist of an operating facility of $40,000 and a syndicated facility of $335,000. The Company's credit facilities were extended by a term of two years and mature on June 1, 2022 and can be extended by one or more years at the Company's request and lenders' acceptance. The Company may also prepay principal without penalty. The interest rates are based on the parameters of certain bank covenants. For prime-based loans and U.S. base-rate loans, the rate ranges from prime or U.S. base rate plus 0.50 percent to prime plus 2.50 percent. For LIBOR-based loans and bankers' acceptance-based loans, the margin thereon ranges from 1.50 percent to 3.50 percent above the respective base rates. The accordion feature of the syndicated facility remains at $100,000, and is available to the Company during the term of the agreement. The Company incurs interest at the high end of the ranges outlined above if its net Total Debt to Adjusted EBITDA ratio is above 4.00:1.00. Additionally, in the event that the Company's net Total Debt to Adjusted EBITDA ratio is above 5.00:1.00, certain restrictions would apply including the following: (a) acquisitions will be subject to majority lender consent; (b) distributions will be restricted other than those relating to the Company's share unit plans; and (c) no increase in the rate of dividends will be permitted. As at December 31, 2019, the Company's net Total Debt to Adjusted EBITDA ratio was 6.96:1.00 (December 31, 2018 – 2.92:1:00).

Debt issuance costs related to this facility are amortized over its term.

Interest on long-term debt (including the amortization of debt issuance costs and debt discount) for the year ended December 31, 2019 was $83,665 (year ended December 31, 2018 – $106,940).

The following table sets out an analysis of long-term debt and the movements in long-term debt for the periods presented:

	2019
(C$000s)	*($)*
Balance, January 1	989,614
Issuance of long-term debt, net of debt issuance costs	83,632
Long-term debt repayments	(59,760)
Amortization of debt issuance costs and debt discount	5,457
Foreign exchange adjustments	(42,250)
Balance, December 31	976,693

The aggregate scheduled principal repayments required in each of the next five years are as follows:

As at December 31, 2019	Amount
(C$000s)	*($)*
2020	—
2021	—
2022	147,988
2023	—
2024	—
Thereafter	844,220
	992,208

At December 31, 2019, the Company had utilized $844 of its loan facility for letters of credit and had $147,988 outstanding under its revolving term loan facility, leaving $226,168 in available credit, subject to a monthly borrowing base, as determined using the previous month's results, which at December 31, 2019, resulted in liquidity amount of $123,179.

See note 14 for further details on the covenants in respect of the Company's long-term debt.

6. CAPITAL STOCK

Authorized capital stock consists of an unlimited number of common shares.

Years Ended December 31,	**2019**		2018	
Continuity of Common Shares	**Shares**	**Amount**	Shares	Amount
	(#)	***($000s)***	*(#)*	*($000s)*
Balance, beginning of period	**144,462,532**	**504,526**	143,755,741	501,456
Issued upon exercise of stock options	**98,675**	**252**	483,974	1,820
Issued upon vesting of performance share units	**104,865**	**707**	—	—
Issued on acquisition	**222,816**	**1,250**	222,817	1,250
Balance, end of period	**144,888,888**	**506,735**	144,462,532	504,526
Shares to be issued	**445,633**	**2,500**	668,449	3,750
	145,334,521	**509,235**	145,130,981	508,276

The weighted average number of common shares outstanding for the year ended December 31, 2019 was 144,564,590 basic and 145,474,733 diluted (year ended December 31, 2018 – 144,041,910 basic and 146,828,943 diluted). The difference between basic and diluted shares is attributable to the dilutive effect of stock options issued by the Company as disclosed in note 7, and the shares to be issued as disclosed in note 13.

7. SHARE-BASED PAYMENTS

(a) Stock Options

Years Ended December 31,	**2019**		2018	
Continuity of Stock Options	**Options**	**Average Exercise Price**	Options	Average Exercise Price
	(#)	***($)***	*(#)*	*($)*
Balance, January 1	**9,392,095**	**4.70**	9,616,173	5.30
Granted	**4,470,150**	**1.68**	1,419,319	5.79
Exercised for common shares	**(98,675)**	**1.99**	(483,974)	2.83
Forfeited	**(630,562)**	**4.71**	(481,673)	7.19
Expired	**(930,000)**	**10.58**	(677,750)	15.11
Balance, December 31	**12,203,008**	**3.16**	9,392,095	4.70

The weighted average share price at the date of exercise for stock options exercised during 2019 was $2.73 (2018 – $7.01).

	Options Outstanding			Options Exercisable	
Exercise Price Per Option	Number of Options	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$1.22 – $1.30	2,904,950	4.93	$ 1.24	—	$ —
$1.31 – $2.14	2,657,975	1.02	$ 1.93	2,591,950	$ 1.95
$2.15 – $4.33	1,857,925	3.57	$ 2.69	254,200	$ 3.33
$4.34 – $4.89	3,331,726	2.00	$ 4.84	1,641,776	$ 4.84
$4.90 – $8.72	1,450,432	2.77	$ 6.02	581,932	$ 6.36
$1.22 – $8.72	12,203,008	2.81	$ 3.16	5,069,858	$ 3.46

Stock options vest equally over three to four years and expire five years from the date of grant. The exercise price of outstanding options range from $1.22 to $8.72 with a weighted average remaining life of 2.81 years. When stock options are exercised, the proceeds together with the compensation expense previously recorded in contributed surplus, are added to capital stock.

The weighted average fair value of options granted during 2019, determined using the Black-Scholes valuation method, was $0.68 per option (year ended December 31, 2018 – $2.55 per option). The Company applied the following assumptions in determining the fair value of options on the date of grant:

Years Ended December 31,	**2019**	2018
Expected life (years)	**3.00**	3.00
Expected volatility	**59.09%**	62.88%
Risk-free interest rate	**1.62%**	1.97%
Expected dividends	**$0.00**	$0.00

Expected volatility is estimated by considering historical average share price volatility.

(b) Share Units

Years Ended December 31,	**2019**			2018		
Continuity of Stock Units	**Deferred Share Units**	**Performance Share Units**	**Restricted Share Units**	Deferred Share Units	Performance Share Units	Restricted Share Units
	(#)	***(#)***	***(#)***	***(#)***	***(#)***	***(#)***
Balance, January 1	**145,000**	**1,108,300**	**3,139,150**	145,000	683,665	4,275,183
Granted	**145,000**	**1,159,106**	**—**	145,000	765,100	—
Exercised	**(145,000)**	**(556,683)**	**(1,998,600)**	(145,000)	(232,249)	(866,933)
Forfeited	**—**	**(416,159)**	**(1,140,550)**	—	(108,216)	(269,100)
Balance, December 31	**145,000**	**1,294,564**	**—**	145,000	1,108,300	3,139,150

Years Ended December 31,	**2019**	2018
	($)	*($)*
Expense (recovery) from:		
Stock options	**3,030**	4,637
Deferred share units	**196**	390
Performance share units	**1,908**	2,324
Restricted share units	**(197)**	4,921
Total stock-based compensation expense	**4,937**	12,272

Stock-based compensation expense is included in selling, general and administrative expenses.

The Company grants deferred share units to its outside directors. These units vest in November of the year of grant and are settled either in cash (equal to the market value of the underlying shares at the time of exercise) or in Company shares purchased on the open market. The fair value of the deferred share units is recognized equally over the vesting period, based on the current market price of the Company's shares. At December 31, 2019, the liability pertaining to deferred share units was $166 (December 31, 2018 – $354).

In 2018, the Company expanded its performance share unit plan to its employees. These performance share units contain a cash-based component and an equity-based component. The cash-based component vests over three years based on corporate financial performance thresholds and are settled either in cash (equal to the market value of the underlying shares at the time of vesting) or in Company shares purchased on the open market. The equity-based component vests over three years without any further conditions and are settled in treasury shares issued by the Company. At December 31, 2019, the liability pertaining to the cash-based component of performance share units was $nil (December 31, 2018 – $200).

Prior to 2018, the Company granted restricted share units to its employees. These units vest over three years and are settled either in cash (equal to the market value of the underlying shares at the time of exercise) or in Company shares purchased on the open market. The fair value of the restricted share units is recognized over the vesting period, based on the current market

price of the Company's shares. At December 31, 2019, the liability pertaining to restricted share units was $nil (December 31, 2018 – $3,158).

Changes in the Company's obligations under the deferred, performance and restricted share unit plans, which arise from fluctuations in the market value of the Company's shares underlying these compensation programs, are recorded as the share value changes.

8. INCOME TAXES

The components of income tax expense (recovery) are:

Years Ended December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
Current income tax expense	**3,014**	4,342
Deferred income tax recovery	**(55,240)**	(8,934)
	(52,226)	(4,592)

The provision for income taxes in the consolidated statements of operations varies from the amount that would be computed by applying the expected 2019 tax rate of 26.5 percent (year ended December 31, 2018 – 27.0 percent) to income before income taxes.

The main reasons for differences between the expected income tax expense (recovery) and the amount recorded are:

Years Ended December 31,	**2019**	2018
(C$000s except percentages)	***($)***	*($)*
Loss before income tax	**(208,429)**	(30,769)
Income tax rate (%)	**26.5**	27.0
Computed expected income tax recovery	**(55,234)**	(8,308)
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses/non-taxable income	**(10,088)**	(1,759)
Foreign tax rate and other foreign differences	**4,925**	653
Translation of foreign subsidiaries	**(134)**	2,526
Deferred income tax adjustment from tax rate changes	**7,712**	(482)
Other non-income taxes	**923**	2,417
Derecognition of tax losses	**2,610**	3,343
Other	**(2,940)**	(2,982)
	(52,226)	(4,592)

The following table summarizes the income tax effect of temporary differences that give rise to the deferred income tax asset (liability) at December 31:

As at December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
Property, plant and equipment	**(138,546)**	(186,343)
Losses carried forward	**218,135**	209,744
Canadian exploration expenses	**5,156**	5,374
Deferred compensation payable	**304**	3,820
Deferred financing and share issuance costs	**2,260**	5,176
Other	**26,521**	19,667
	113,830	57,438

Loss carry-forwards expire at various dates ranging from December 31, 2020 to December 31, 2039.

The movement in deferred income tax assets and liabilities during the current and prior year is as follows:

Years Ended December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
Balance, beginning of year	**57,438**	61,473
Charged (credited) to the consolidated statements of operations or accumulated other comprehensive income:		
Property, plant and equipment	**47,798**	(10,350)
Losses carried forward	**8,391**	(3,099)
Canadian exploration expenses	**(217)**	(65)
Deferred compensation payable	**(3,517)**	2,411
Deferred financing and share issuance costs	**(2,916)**	4,547
Other	**6,853**	2,521
Balance, end of year	**113,830**	57,438

The Company has tax losses for which no deferred tax asset is recognized as follows:

Years Ended December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
Tax losses (capital)	**40,878**	31,234
Tax losses (income)	**45,412**	43,604

Deferred tax assets are only recognized to the extent that it is probable that the assets can be utilized. The Company expects to have sufficient taxable income in succeeding years to fully utilize its deferred tax assets before they expire.

9. COMMITMENTS

The Company has lease commitments for premises, equipment, vehicles and storage facilities under agreements requiring aggregate minimum payments over the five years following December 31, 2019, as follows:

	Right-of-Use Asset Recognized	No Right-of-Use Asset Recognized	Total
(C$000s)	*($)*	*($)*	*($)*
2020	21,901	9,137	31,038
2021	8,140	8,014	16,154
2022	4,063	2,884	6,947
2023	1,961	1,302	3,263
2024	1,967	66	2,033
Thereafter	298	35	333
	38,330	21,438	59,768

The Company recognizes right-of-use assets for its leases, except for short-term leases, low value leases, leases with variable payments, or service contracts that are out of scope of IFRS 16.

The Company has obligations for the purchase of products, services and property, plant and equipment over the next five years following December 31, 2019, as follows:

(C$000s)	*($)*
2020	118,234
2021	24,374
2022	2,987
2023	—
2024	—
	145,595

10. LEASES

The Company's leasing activities comprise of buildings and various field equipment including railcars and motor vehicle leases. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

From January 1, 2019, leases are recognized as a right-of-use (ROU) asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability (principal) and interest. The interest is charged to the statement of operations over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The ROU asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Company recognizes a ROU asset at cost consisting of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of any restoration costs and any initial direct costs incurred by the lessee. The provision for any restoration costs is recognized as a separate liability as set out in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The Company recognizes a lease liability equal to the present value of the lease payments during the lease term that are not yet paid. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. The Company initially estimates and recognizes amounts expected to be payable under residual value guarantees as part of the lease liability. Typically, the expected residual value at the commencement of the lease is equal to or higher than the guaranteed amount, and the Company does not expect to pay anything under the guarantees.

Payments associated with variable lease payments, short-term leases and leases of low value assets are recognized as an expense in the statement of operations. Short-term leases are leases with a lease term of twelve months or less. Low value assets comprise I.T. equipment and small items of office equipment.

On initial application of IFRS 16 on January 1, 2019, the Company recorded ROU assets and lease obligations of $44,917 on the balance sheet. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 5.31 percent.

The following table summarizes the reconciliation between the Company's operating lease commitments as at December 31, 2018 to the lease obligations recognized on January 1, 2019 upon the adoption of IFRS 16.

(C$000s)	*($)*
Operating lease commitments disclosed as at December 31, 2018	34,564
Add: leases disclosed as purchase obligations as at December 31, 2018	14,667
Less: leases that do not meet the definition of a lease under IFRS 16	(9,259)
Less: low value leases recognized as an expense	(857)
Less: short-term leases recognized as an expense	(540)
Add: residual value guarantees on leases	8,801
Less: discounted using the Company's incremental borrowing rate at January 1, 2019	(3,197)
Add: finance lease obligations recognized as at December 31, 2018	738
Lease obligation recognized as at January 1, 2019	**44,917**
Current portion of lease obligation	24,318
Non-current portion of lease obligation	20,599
Lease obligation recognized as at January 1, 2019	**44,917**

The following table sets out the movement in the right-of-use assets by class of underlying asset:

Year Ended December 31, 2019	**Opening Net Book Value**	**Additions**	**Disposals**	**Impairment**	**Depreciation**	**Foreign Exchange Adjustments**	**Closing Net Book Value**
(C$000s)	***($)***	***($)***	***($)***	***($)***	***($)***	***($)***	***($)***
Field equipment	**33,702**	**10,287**	**(4,346)**	**—**	**(14,115)**	**(1,125)**	**24,403**
Buildings	**11,215**	**2,803**	**(1,649)**	**—**	**(6,850)**	**(162)**	**5,357**
	44,917	**13,090**	**(5,995)**	**—**	**(20,965)**	**(1,287)**	**29,760**

The following table sets out the movement in the lease obligation for the periods presented:

	2019
(C$000s)	*($)*
Balance, January 1	44,917
Additions	13,090
Disposals/retirements	(5,766)
Principal portion of payments	(20,047)
Foreign exchange adjustments	(1,275)
Balance, December 31	30,919

The following additional disclosures regarding the Company's leases are:

	2019
(C$000s)	*($)*
Interest expense on lease obligations	2,082
Expense relating to short-term leases (included in operating and selling, general and administrative expense)	45,803
Expense relating to low value leases (included in operating and selling, general and administrative expense)	2,044
Expense relating to variable lease payments (included in operating and selling, general and administrative expense)	9,145
Income from subleasing of right-of-use assets	415
Total cash outflow for lease obligations	21,893

11. FINANCIAL INSTRUMENTS

The Company's financial instruments included in the consolidated balance sheets are comprised of cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities, long-term debt and lease obligations.

(a) Fair Values of Financial Assets and Liabilities

The fair values of financial instruments included in the consolidated balance sheets, except long-term debt, approximate their carrying amounts due to the short-term maturity of those instruments. The fair value of the senior unsecured notes based on the closing market price at December 31, 2019 was $342,078 before deduction of unamortized debt issuance costs (December 31, 2018 – $661,492). The carrying value of the senior unsecured notes at December 31, 2019 was $844,220 before deduction of unamortized debt issuance costs and debt discount (December 31, 2018 – $886,730). The fair values of the remaining long-term debt approximate their carrying values, as described in note 5.

(b) Credit Risk

Substantial amounts of the Company's accounts receivable are with customers in the oil and natural gas industry and are subject to normal industry credit risks. The Company mitigates this risk through its credit policies and practices including the use of credit limits and approvals, and by monitoring the financial condition of its customers. At December 31, 2019, the Company had a provision for doubtful accounts receivable of $1,931 (December 31, 2018 – $596).

IFRS 9 *Financial Instruments* requires an entity to estimate its expected credit loss for all trade accounts receivable even when they are not past due based on the expectation that certain receivables will be uncollectible. Based on the Company's assessment, a small increase in the allowance for doubtful accounts of approximately 0.13% was recorded, using the lifetime expected credit loss model. The expected credit loss rates are based on actual credit loss experience over the past several years for each operating segment.

The loss allowance provision for trade accounts receivable as at December 31, 2019 reconciles to the opening loss allowance provision as follows:

	2019
(C$000s)	*($)*
At January 1, 2019	596
Increase in loan loss allowance recognized in statement of operations during the year	15
Specific receivables deemed as uncollectible	1,342
Foreign exchange adjustments	(22)
At December 31, 2019	1,931

Payment terms with customers vary by country and contract. Standard payment terms are 30 days from invoice date. The Company's aged trade and accrued accounts receivable at December 31, 2019 and 2018, excluding any impaired accounts, are as follows:

As at December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
Current	**145,704**	203,368
31 – 60 days	**34,863**	109,510
61 – 90 days	**14,676**	21,553
91+ days	**14,888**	8,936
Total	**210,131**	343,367

(c) Interest Rate Risk

The Company is exposed to cash flow risk due to fluctuating interest payments required to service any floating-rate debt. The increase or decrease in annual interest expense for each 1 percentage point change in interest rates on floating-rate debt at December 31, 2019 amounts to $1,480 (December 31, 2018 – $1,200).

The Company's effective interest rate for the year ended December 31, 2019 was 8.5 percent (year ended December 31, 2018 – 10.6 percent). During 2018, the Company incurred $21,213 of interest expense relating to the early repayment of its second lien term loan and 7.50 percent senior notes due 2020. Excluding these non-recurring costs, the effective interest rate for the year ended December 31, 2018 would have been 8.5 percent.

(d) Liquidity Risk

The Company's principal sources of liquidity are operating cash flows, existing or new credit facilities and new share equity. The Company monitors its liquidity to ensure it has sufficient funds to complete planned capital and other expenditures. The Company mitigates liquidity risk by maintaining adequate banking and credit facilities and monitoring its forecast and actual cash flows. The Company may also adjust its capital spending and dividends to maintain liquidity. See note 14 for further details on the Company's capital structure.

The expected timing of cash outflows relating to financial liabilities is outlined in the table below:

At December 31, 2019	**Total**	**<1 Year**	**1 – 3 Years**	**4 – 6 Years**	**7 – 9 Years**	**Thereafter**
(C$000s)	***($)***	***($)***	***($)***	***($)***	***($)***	***($)***
Accounts payable and accrued liabilities	**143,225**	**143,225**	**—**	**—**	**—**	**—**
Lease obligations[(1)]	**38,330**	**21,901**	**14,164**	**2,265**	**—**	**—**
Long-term debt[(1)]	**1,478,310**	**79,898**	**374,795**	**1,023,617**	**—**	**—**

(1) Principal and interest

At December 31, 2018	Total	<1 Year	1 – 3 Years	4 – 6 Years	7 – 9 Years	Thereafter
(C$000s)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*
Accounts payable and accrued liabilities	239,507	239,507	—	—	—	—
Long-term debt[(1)]	1,580,482	80,991	348,959	226,116	924,416	—

(1) Principal and interest

(e) Foreign Exchange Risk

The Company is exposed to foreign exchange risk associated with foreign operations where assets, liabilities, revenue and costs are denominated in currencies other than Canadian dollars. These currencies include the U.S. dollar, Russian rouble, and Argentinean peso. The Company is also exposed to the impact of foreign currency fluctuations in its Canadian operations on purchases of products and property, plant and equipment from vendors in the United States. In addition, the Company's senior unsecured notes and related interest expense are denominated in U.S. dollars.

The amount of this debt and related interest expressed in Canadian dollars varies with fluctuations in the US$/Cdn$ exchange rate. The risk is mitigated, however, by the Company's U.S. operations and related revenue streams. A change in the value of foreign currencies in the Company's financial instruments (cash, accounts receivable, accounts payable and debt) would have had the following impact on net income:

At December 31, 2019	**Impact to Net Income**
(C$000s)	***($)***
1% change in value of U.S. dollar	**1,052**
1% change in value of Argentinean peso	**36**
1% change in value of Russian rouble	**—**

At December 31, 2018	Impact to Net Income
(C$000s)	*($)*
1% change in value of U.S. dollar	562
1% change in value of Argentinean peso	(83)
1% change in value of Russian rouble	—

12. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating assets and liabilities are as follows:

Years Ended December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
Accounts receivable	**132,783**	7,103
Inventory	**18,759**	(12,217)
Prepaid expenses and deposits	**38**	(724)
Accounts payable and accrued liabilities	**(87,858)**	(8,978)
Income taxes recoverable	**(1,026)**	1,178
	62,696	(13,638)
Income taxes paid	**4,040**	3,165

Purchase of property, plant and equipment is comprised of:

Years Ended December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
Property, plant and equipment additions	**(139,305)**	(159,764)
Change in liabilities related to the purchase of property, plant and equipment	**(8,065)**	2,577
	(147,370)	(157,187)

13. ACQUISITION

On July 20, 2018, the Company acquired Vision Sur SRL, the entity that held the remaining 20 percent non-controlling interest in Calfrac Well Services (Argentina) S.A. As a result of the acquisition, Calfrac Well Services (Argentina) S.A. is now a wholly-owned subsidiary of the Company. The purchase price for Vision Sur SRL took into account the prior investments made in Calfrac Well Services (Argentina) S.A. by its shareholders, and consisted of share consideration valued at $5,000. Under the terms of the agreement, the purchase price is payable in four tranches, with 222,817 shares issued on the acquisition date, and the remaining 668,449 shares to be issued in three tranches with the final tranche payable on January 1, 2021. This arrangement also contained an agreement to issue additional contingent shares, ranging from 50,000 to 70,000 shares, if the

operating income for Calfrac Well Services (Argentina) S.A. reaches certain target levels in 2019 and 2020. The value of the contingent consideration is not material on a consolidated basis. Acquisition costs were insignificant and expensed in the statement of operations.

During the period July 21, 2018 to December 31, 2018, the acquisition contributed immaterial income to the Company. The pro-forma estimated effects on revenue and operating income, had the acquisition occurred on January 1, 2018, would have been insignificant.

Subsequent to the acquisition, the purchase agreement was amended to include a price adjustment mechanism. If the operating income of Calfrac Well Services (Argentina) S.A. reaches certain target levels in 2019 and 2020, additional shares may be issued or additional cash consideration may be paid. The amount of contingent consideration, if it becomes payable, is not expected to be material.

14. CAPITAL STRUCTURE

The Company's capital structure is comprised of shareholders' equity and debt. The Company's objectives in managing capital are (i) to maintain flexibility so as to preserve its access to capital markets and its ability to meet its financial obligations, and (ii) to finance growth, including potential acquisitions.

The Company manages its capital structure and makes adjustments in light of changing market conditions and new opportunities, while remaining cognizant of the cyclical nature of the oilfield services sector. To maintain or adjust its capital structure, the Company may revise its capital spending, adjust dividends, if any, paid to shareholders, issue new shares or new debt or repay existing debt.

The Company monitors its capital structure and financing requirements using, amongst other parameters, the ratio of net debt to operating income. Operating income for this purpose is calculated on a 12-month trailing basis and is defined as follows:

For the Twelve Months Ended December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
Net loss	**(156,203)**	(26,177)
Adjusted for the following:		
Depreciation	**261,227**	190,475
Foreign exchange losses	**6,341**	38,047
Loss on disposal of property, plant and equipment	**1,870**	160
Impairment of property, plant and equipment	**2,165**	115
Impairment of inventory	**3,744**	7,167
Interest	**85,826**	106,630
Income taxes	**(52,226)**	(4,592)
Operating income	**152,744**	311,825

Net debt for this purpose is calculated as follows:

As at December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
Long-term debt, net of debt issuance costs and debt discount (note 5)	**976,693**	989,614
Lease obligations	**30,919**	738
Less: cash and cash equivalents	**(42,562)**	(51,901)
Net debt	**965,050**	938,451

The ratio of net debt to operating income does not have a standardized meaning under IFRS and may not be comparable to similar measures used by other companies.

At December 31, 2019, the net debt to operating income ratio was 6.32:1 (December 31, 2018 – 3.01:1) calculated on a 12-month trailing basis as follows:

For the Twelve Months Ended December 31,	**2019**	2018
(C$000s, except ratio)	***($)***	*($)*
Net debt	**965,050**	938,451
Operating income	**152,744**	311,825
Net debt to operating income ratio	**6.32:1**	3.01:1

The Company is subject to certain financial covenants relating to working capital, leverage and the generation of cash flow in respect of its operating and revolving credit facilities. These covenants are monitored on a monthly basis. At December 31, 2019 and December 31, 2018, the Company was in compliance with its covenants with respect to its credit facilities.

	Covenant	**Actual**
As at December 31,	2019	**2019**
Working capital ratio not to fall below	1.15x	**2.83x**
Funded Debt to Adjusted EBITDA not to exceed[1][2]	3.00x	**0.80x**
Funded Debt to Capitalization not to exceed[1][3]	0.30x	**0.08x**

[1] Funded Debt is defined as Total Debt excluding all outstanding senior unsecured notes and lease obligations. Total Debt includes bank loans and long-term debt (before unamortized debt issuance costs and debt discount) plus outstanding letters of credit. For the purposes of the Total Debt to Adjusted EBITDA ratio, the Funded Debt to Capitalization Ratio and the Funded Debt to Adjusted EBITDA ratio, the amount of Total Debt or Funded Debt, as applicable, is reduced by the amount of cash on hand with lenders (excluding any cash held in a segregated account for the purposes of a potential equity cure).
[2] Adjusted EBITDA is defined as net income or loss for the period adjusted for interest, taxes, depreciation and amortization, non-cash stock-based compensation, non-controlling interest, and gains and losses that are extraordinary or non-recurring.
[3] Capitalization is Total Debt plus equity attributable to the shareholders of Calfrac.

Adjusted EBITDA is defined as net income or loss for the period less interest, taxes, depreciation and amortization, unrealized foreign exchange losses (gains), non-cash stock-based compensation, non-controlling interest, and gains and losses that are extraordinary or non-recurring. Adjusted EBITDA is presented because it gives an indication of the results from the Company's principal business activities prior to consideration of how its activities are financed and the impact of foreign exchange, taxation and depreciation and amortization charges. Adjusted EBITDA for the period was calculated as follows:

Years Ended December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
Net loss	**(156,203)**	(26,177)
Add back (deduct):		
Depreciation	**261,227**	190,475
Unrealized foreign exchange losses	**2,041**	11,465
Non-recurring realized foreign exchange losses[1]	**—**	29,288
Loss on disposal of property, plant and equipment	**1,870**	160
Impairment of property, plant and equipment (note 4)	**2,165**	115
Impairment of inventory (note 3)	**3,744**	7,167
Restructuring charges	**6,049**	1,076
Stock-based compensation	**4,626**	5,812
Losses attributable to non-controlling interest	**—**	7,989
Interest	**85,826**	106,630
Income taxes	**(52,226)**	(4,592)
Adjusted EBITDA[2]	**159,119**	329,408

[1] The Company recognized a one-time realized foreign exchange loss resulting from the capitalization of inter-company debt held by its Argentinean subsidiary.
[2] For bank covenant purposes, EBITDA includes an additional $21,893 of lease payments that would have been recorded as operating expenses prior to the adoption of IFRS 16 on January 1, 2019.

Advances under the credit facilities are limited by a borrowing base. The borrowing base is calculated based on the following:

i. Eligible North American accounts receivable, which is based on 75 percent of accounts receivable owing by companies rated BB+ or lower by Standard & Poor's (or a similar rating agency) and 85 percent of accounts receivable from companies rated BBB- or higher;

ii. 100 percent of unencumbered cash of the parent company and its U.S. operating subsidiary, excluding any cash held in a segregated account for the purposes of a potential equity cure; and

iii. 25 percent of the net book value of property, plant and equipment (PP&E) of the parent company and its U.S. operating subsidiary. The value of PP&E excludes assets under construction and is limited to $150,000.

The indenture governing the senior unsecured notes contains restrictions on the Company's ability to pay dividends, purchase and redeem shares of the Company, and make certain restricted investments in circumstances where

i. the Company is in default under the indenture or the making of such payment would result in a default;
ii. the Company is not meeting the Fixed Charge Coverage Ratio[(1)] under the indenture of at least 2:1 for the most recent four fiscal quarters; or
iii. there is insufficient room for such payment within a builder basket included in the indenture.

[(1)] The Fixed Charge Coverage Ratio is defined as cash flow to interest expense. Cash flow is a non-GAAP measure and does not have a standardized meaning under IFRS and is defined under the indenture as net income (loss) attributable to the shareholders of Calfrac before depreciation, extraordinary gains or losses, unrealized foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, impairment or reversal of impairment of assets, restructuring charges, provision for settlement of litigation, stock-based compensation, interest, and income taxes. Interest expense is adjusted to exclude any non-recurring charges associated with redeeming or retiring any indebtedness prior to its maturity.

These limitations on restricted payments are tempered by the existence of a number of exceptions to the general prohibition, including a basket allowing for restricted payments in an aggregate amount of up to US$20,000. As at December 31, 2019, this basket was not utilized.

The indenture also restricts the incurrence of additional indebtedness if the Fixed Charge Coverage Ratio determined on a pro forma basis for the most recently ended four fiscal quarter period for which internal financial statements are available is not at least 2:1. As is the case with restricted payments, there are a number of exceptions to this prohibition on the incurrence of additional indebtedness, including the incurrence of additional debt under credit facilities up to the greater of $375,000 or 30 percent of the Company's consolidated tangible assets.

As at December 31, 2019, the Company's Fixed Charge Coverage Ratio of 1.85:1 was less than the required 2:1 ratio. Failing to meet the Fixed Charge Coverage Ratio is not an event of default under the indenture, and the baskets highlighted in the preceding paragraphs provide sufficient flexibility for the Company to make anticipated restricted payments, such as dividends, and incur additional indebtedness as required to conduct its operations and satisfy its obligations.

The Company has measures in place to ensure that it has sufficient liquidity to navigate the cyclical nature of the oilfield services sector and safeguard the Company's ability to continue as a going concern. The Company negotiated amendments to its credit facilities to provide increased financial flexibility. These amendments include an "Equity Cure" feature pursuant to which proceeds from equity offerings may be applied as both an adjustment in the calculation of Adjusted EBITDA and as a reduction of Funded Debt towards the Funded Debt to Adjusted EBITDA ratio covenant for any of the quarters ending prior to and including June 30, 2022, subject to certain conditions including:

i. the Company is only permitted to use the proceeds of a common share issuance to increase Adjusted EBITDA a maximum of two times;
ii. the Company cannot use the proceeds of a common share issuance to increase Adjusted EBITDA in consecutive quarter ends;
iii. the maximum proceeds of each common share issuance permitted to be attributed to Adjusted EBITDA cannot exceed the greater of 50 percent of Adjusted EBITDA on a rolling four-quarter basis and $25,000; and
iv. if proceeds are not used immediately as an equity cure they must be held in a segregated bank account pending an election to use them for such purpose, and if they are removed from such account but not used as an equity cure they will no longer be eligible for such use.

In addition, to the extent that proceeds from an equity offering are used as part of the Equity Cure, such proceeds are included in the calculation of the Company's borrowing base.

15. RELATED-PARTY TRANSACTIONS

The Company leases certain premises from a company controlled by Ronald P. Mathison, the Executive Chairman of the Company. The rent charged for these premises during the year ended December 31, 2019 was $1,742 (year ended December 31, 2018 – $1,742), as measured at the exchange amount which is based on market rates at the time the lease arrangements were made.

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company derives revenue from the provision of goods and services for the following major service lines and geographical regions:

	Canada	United States	Russia	Argentina	Consolidated
(C$000s)	*($)*	*($)*	*($)*	*($)*	*($)*
Year Ended December 31, 2019					
Fracturing	**348,789**	**928,902**	**94,519**	**117,381**	**1,489,591**
Coiled tubing	**46,403**	**—**	**11,288**	**26,139**	**83,830**
Cementing	**—**	**—**	**—**	**22,852**	**22,852**
Product sales	**2,391**	**1,502**	**—**	**—**	**3,893**
Subcontractor	**—**	**—**	**—**	**20,789**	**20,789**
	397,583	**930,404**	**105,807**	**187,161**	**1,620,955**
Year Ended December 31, 2018					
Fracturing	593,177	1,293,593	91,232	120,619	2,098,621
Coiled tubing	52,439	—	15,587	30,339	98,365
Cementing	—	—	—	16,869	16,869
Product sales	5,115	3,082	—	—	8,197
Subcontractor	—	—	—	34,374	34,374
	650,731	1,296,675	106,819	202,201	2,256,426

The Company recognizes all its revenue from contracts with customers and no other sources (such as lease rental income).

The Company does not incur material costs to obtain contracts with customers and consequently, does not recognize any contract assets. The Company does not have any contract liabilities associated with its customer contracts.

The Company's customer base consists of approximately 135 oil and natural gas exploration and production companies, ranging from large multi-national publicly traded companies to small private companies. Notwithstanding the Company's broad customer base, Calfrac had five significant customers that collectively accounted for approximately 32 percent of the Company's revenue for the year ended December 31, 2019 (year ended December 31, 2018 – four significant customers for approximately 32 percent) and, of such customers, one customer accounted for approximately 7 percent of the Company's revenue for the year ended December 31, 2019 (year ended December 31, 2018 – 11 percent).

17. PRESENTATION OF EXPENSES

The Company presents its expenses on the consolidated statements of operations using the function of expense method whereby expenses are classified according to their function within the Company. This method was selected as it is more closely aligned with the Company's business structure. The Company's functions under IFRS are as follows:

- operations (cost of sales); and
- selling, general and administrative.

Cost of sales includes direct operating costs (including product costs, direct labour and overhead costs) and depreciation on assets relating to operations.

Years Ended December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
Product costs	**448,203**	688,493
Personnel costs	**436,458**	486,838
Depreciation on property, plant and equipment	**240,262**	190,475
Depreciation on right-of-use assets (note 10)	**20,965**	—
Other operating costs	**513,676**	677,324
	1,659,564	2,043,130

18. EMPLOYEE BENEFITS EXPENSE

Employee benefits include all forms of consideration given by the Company in exchange for services rendered by employees.

Years Ended December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
Salaries and short-term employee benefits	**447,235**	492,538
Post-employment benefits (group retirement savings plan)	**9,888**	10,590
Share-based payments	**4,937**	12,272
Termination benefits	**6,520**	2,130
	468,580	517,530

19. COMPENSATION OF KEY MANAGEMENT

Key management is defined as the Company's Board of Directors, Executive Chairman, President and Chief Operating Officer, and Chief Financial Officer. During 2018, it was defined as the Company's Board of Directors, Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer. Compensation awarded to key management comprised:

Years Ended December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
Salaries, fees and short-term benefits	**3,941**	3,633
Post-employment benefits (group retirement savings plan)	**41**	34
Share-based payments	**1,152**	2,977
Termination benefits	**2,441**	—
	7,575	6,644

In the event of termination, the three senior officers are entitled to one to two years of annual compensation, and two to four years of annual compensation in the event of termination resulting from change of control.

20. CONTINGENCIES

GREEK LITIGATION

As a result of the acquisition and amalgamation with Denison in 2004, the Company 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 Company), terminated employees in Greece as a result of the cessation of its oil and natural gas operations in that country. Several groups of former employees filed claims against NAPC and the consortium alleging that their termination was invalid and that their severance pay was improperly determined.

In 1999, the largest group of plaintiffs received a ruling from the Athens Court of First Instance that their termination was invalid and that salaries in arrears amounting to approximately $9,984 (6,846 euros) plus interest were due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. The said group of former employees filed an appeal with the Supreme Court of Greece, which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered in June 2010. As a result of Denison's participation in the consortium that was named in the lawsuit, the Company has been served with three separate payment orders, one on March 24, 2015 and two others on December 29, 2015. The Company was also served with an enforcement order on November 23, 2015. Oppositions have been filed on behalf of the Company in respect of each of these orders which oppose the orders on the basis that they were improperly issued and are barred from a statute of limitations perspective. The salaries in arrears sought to be recovered through these orders are part of the $9,984 (6,846 euros) cited above and the interest being sought in respect of these orders is part of the $27,279 (18,706 euros) cited below. Provisional orders granting a temporary suspension of any enforcement proceedings have been granted in respect of all of the orders that have been served. The opposition against the order served on March 24, 2015 was heard on November 24, 2015 and a decision was issued on November 25, 2016 accepting the Company's opposition on the basis that no lawful service had taken place until the filing of the opponents' petition and/or the issuance of the payment order. The plaintiffs filed an appeal against the above decision which was heard on October 16, 2018 and was rejected in June 2019. The plaintiffs have filed a petition for cassation against appeal judgment, the hearing of which has not yet been scheduled. A hearing in respect of the order served on November 23, 2015 took place on October 31, 2018 and a decision was issued in October 2019 accepting the Company's opposition. The plaintiffs filed an appeal against this decision, the hearing of which has been scheduled for March 24, 2020. A hearing in respect of the orders served in December 2015 scheduled for September 20, 2016 was adjourned until November 21, 2016 and decisions were issued on January 9, 2017 accepting the Company's oppositions on a statute of limitations basis. The plaintiffs filed appeals against the above decisions which were heard on October 16, 2018 and were rejected in June 2019. The plaintiffs have filed petitions for cassation against appeal judgments, the hearings of which have not yet been scheduled.

NAPC is also the subject of a claim for approximately $4,174 (2,862 euros) plus associated penalties and interest from the Greek social security agency for social security obligations associated with the salaries in arrears that are the subject of the above-mentioned decision.

The maximum aggregate interest and penalties payable under the claims noted above, as well as three other immaterial claims against NAPC totaling $843 (578 euros), amounted to $27,279 (18,706 euros) as at December 31, 2019.

Management is of the view that it is improbable there will be a material financial impact to the Company as a result of these claims. Consequently, no provision has been recorded in these consolidated financial statements.

21. SEGMENTED INFORMATION

The Company's activities are conducted in four geographical segments: Canada, the United States, Russia and Argentina. All activities are related to hydraulic fracturing, coiled tubing, cementing and other well completion services for the oil and natural gas industry.

The business segments presented reflect the Company's management structure and the way its management reviews business performance. The Company evaluates the performance of its operating segments primarily based on operating income, as defined below.

	Canada	United States	Russia	Argentina	Corporate	Consolidated
(C$000s)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*
Year Ended December 31, 2019						
Revenue	**397,583**	**930,404**	**105,807**	**187,161**	**—**	**1,620,955**
Operating income (loss)[(1)]	**40,689**	**126,205**	**(5,005)**	**26,128**	**(35,273)**	**152,744**
Segmented assets	**486,067**	**773,137**	**90,727**	**175,991**	**—**	**1,525,922**
Capital expenditures	**21,978**	**85,001**	**2,933**	**29,393**	**—**	**139,305**

Year Ended December 31, 2018						
Revenue	650,731	1,296,675	106,819	202,201	—	2,256,426
Operating income (loss)[1]	87,162	262,348	(445)	12,836	(50,076)	311,825
Segmented assets	578,431	949,494	96,577	158,155	—	1,782,657
Capital expenditures	42,530	105,074	5,279	6,881	—	159,764

[1] Operating income (loss) is defined as net income (loss) before depreciation, foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, impairment of inventory, impairment of property, plant and equipment, interest, and income taxes.

Years Ended December 31,	**2019**	2018
(C$000s)	***($)***	*($)*
Net loss	**(156,203)**	(26,177)
Add back (deduct):		
Depreciation	**261,227**	190,475
Foreign exchange losses	**6,341**	38,047
Loss on disposal of property, plant and equipment	**1,870**	160
Impairment of property, plant and equipment	**2,165**	115
Impairment of inventory	**3,744**	7,167
Interest	**85,826**	106,630
Income taxes	**(52,226)**	(4,592)
Operating income	**152,744**	311,825

Operating income does not have a standardized meaning under IFRS and may not be comparable to similar measures used by other companies.

22. SUBSEQUENT EVENT

On February 24, 2020, the Company completed an exchange offer of US$120,000 of new 10.875% second lien secured notes (“New Notes”) due March 15, 2026 to holders of its existing 8.50% senior unsecured notes (“Old Notes”) due June 15, 2026. The New Notes are secured by a second lien on the same assets that secure obligations under the Company’s existing senior secured credit facility. The exchange was completed at an average exchange price of US$550 per each US$1,000 of Old Notes resulting in US$218,182 being exchanged for US$120,000 of New Notes. The exchange will result in reduced leverage of approximately US$98,200 and a reduction of US$5,500 in annual debt service costs.

Exhibit "24"

THIS IS EXHIBIT " 24 " REFERRED TO IN
THE AFFIDAVIT OF RONALD P. MATHISON
AFFIRMED BEFORE ME THIS 13th DAY OF
JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Simard

CONSOLIDATED BALANCE SHEETS

	March 31, 2020	December 31, 2019
(C$000s) (unaudited)	***($)***	*($)*
ASSETS		
Current assets		
Cash and cash equivalents	**—**	42,562
Accounts receivable	**232,046**	216,647
Income taxes recoverable	**1,727**	1,608
Inventories	**127,451**	127,620
Prepaid expenses and deposits	**15,269**	17,489
	376,493	405,926
Non-current assets		
Property, plant and equipment (note 4)	**941,280**	969,944
Right-of-use assets (note 8)	**37,151**	29,760
Deferred income tax assets	**—**	120,292
Total assets	**1,354,924**	1,525,922
LIABILITIES AND EQUITY		
Current liabilities		
Bank overdraft	**2,997**	—
Accounts payable and accrued liabilities	**128,394**	143,225
Current portion of lease obligations (note 8)	**11,977**	13,929
	143,368	157,154
Non-current liabilities		
Long-term debt (note 5)	**947,452**	976,693
Lease obligations (note 8)	**25,005**	16,990
Deferred income tax liabilities	**—**	6,462
Total liabilities	**1,115,825**	1,157,299
Capital stock (note 6)	**510,510**	509,235
Contributed surplus	**43,724**	44,316
Loan receivable for purchase of common shares	**(2,500)**	(2,500)
Accumulated deficit	**(308,031)**	(185,174)
Accumulated other comprehensive (loss) income	**(4,604)**	2,746
Total equity	**239,099**	368,623
Total liabilities and equity	**1,354,924**	1,525,922

Going Concern (note 2)
Contingencies (note 17)
See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

Three Months Ended March 31,	**2020**	2019
(C$000s, except per share data) (unaudited)	***($)***	*($)*
Revenue (note 14)	**305,515**	475,012
Cost of sales (note 15)	**346,010**	484,321
Gross loss	**(40,495)**	(9,309)
Expenses		
Selling, general and administrative	**17,070**	19,204
Foreign exchange (gains) losses	**(90)**	513
Loss (gain) on disposal of property, plant and equipment	**1,669**	(473)
Impairment of property, plant and equipment (note 4)	**53,524**	—
Impairment of other assets	**507**	—
Gain on exchange of debt (note 5)	**(130,444)**	—
Interest	**26,043**	21,230
	(31,721)	40,474
Loss before income tax	**(8,774)**	(49,783)
Income tax expense (recovery) (note 3)		
Current	**57**	1,645
Deferred	**114,026**	(15,094)
	114,083	(13,449)
Net loss	**(122,857)**	(36,334)
Loss per share (note 6)		
Basic	**(0.85)**	(0.25)
Diluted	**(0.85)**	(0.25)

See accompanying notes to the interim condensed consolidated financial statements.
Certain of the comparatives have been reclassified to conform with the current presentation (note 3b).

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Three Months Ended March 31,	**2020**	2019
(C$000s) (unaudited)	***($)***	*($)*
Net loss	**(122,857)**	(36,334)
Other comprehensive income (loss)		
Items that may be subsequently reclassified to profit or loss:		
Change in foreign currency translation adjustment	**(7,350)**	3,353
Comprehensive loss	**(130,207)**	(32,981)

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Contributed Surplus	Loan Receivable for Purchase of Common Shares	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	**Total Equity**
(C$000s) (unaudited)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*
Balance – January 1, 2020	**509,235**	**44,316**	**(2,500)**	**2,746**	**(185,174)**	**368,623**
Net loss	—	—	—	—	(122,857)	**(122,857)**
Other comprehensive income (loss):						
Cumulative translation adjustment	—	—	—	(7,350)	—	**(7,350)**
Comprehensive loss	—	—	—	(7,350)	(122,857)	**(130,207)**
Stock options:						
Stock-based compensation recognized	—	499	—	—	—	**499**
Performance share units:						
Stock-based compensation recognized	—	184	—	—	—	**184**
Shares issued (note 6)	1,275	(1,275)	—	—	—	**—**
Balance – March 31, 2020	**510,510**	**43,724**	**(2,500)**	**(4,604)**	**(308,031)**	**239,099**
Balance – January 1, 2019	508,276	40,453	(2,500)	(3,438)	(28,971)	513,820
Net loss	—	—	—	—	(36,334)	(36,334)
Other comprehensive income (loss):						
Cumulative translation adjustment	—	—	—	3,353	—	3,353
Comprehensive income (loss)	—	—	—	3,353	(36,334)	(32,981)
Stock options:						
Stock-based compensation recognized	—	611	—	—	—	611
Proceeds from issuance of shares (note 6)	32	(7)	—	—	–	25
Performance share units:						
Stock-based compensation recognized	—	200	—	—	—	200
Shares issued (note 6)	707	(707)	—	—	—	—
Balance – March 31, 2019	**509,015**	**40,550**	**(2,500)**	**(85)**	**(65,305)**	**481,675**

See accompanying notes to the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended March 31,	**2020**	2019
(C$000s) (unaudited)	***($)***	*($)*
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss	**(122,857)**	(36,334)
Adjusted for the following:		
Depreciation	**63,263**	72,136
Stock-based compensation	**683**	812
Unrealized foreign exchange (gains) losses	**(2,280)**	144
Loss (gain) on disposal of property, plant and equipment	**1,669**	(473)
Impairment of property, plant and equipment (note 4)	**53,524**	—
Impairment of other assets	**507**	—
Gain on exchange of debt (note 5)	**(130,444)**	—
Interest	**26,043**	21,230
Interest paid	**(6,468)**	(1,573)
Deferred income taxes	**114,026**	(15,094)
Changes in items of working capital (note 10)	**(44,005)**	31,900
Cash flows (used in) provided by operating activities	**(46,339)**	72,748
FINANCING ACTIVITIES		
Issuance of long-term debt, net of debt issuance costs	**24,258**	(1,192)
Long-term debt repayments	**—**	(20,000)
Lease obligation principal repayments	**(4,926)**	(5,371)
Proceeds on issuance of common shares	**—**	25
Cash flows provided by (used in) financing activities	**19,332**	(26,538)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment (note 10)	**(26,813)**	(33,013)
Proceeds on disposal of property, plant and equipment	**649**	(2,812)
Proceeds on disposal of right-of-use assets	**308**	—
Cash flows used in investing activities	**(25,856)**	(35,825)
Effect of exchange rate changes on cash and cash equivalents	**7,304**	(2,122)
(Decrease) increase in cash and cash equivalents	**(45,559)**	8,263
Cash and cash equivalents, beginning of period	**42,562**	51,901
(Bank overdraft) cash and cash equivalents, end of period	**(2,997)**	60,164

See accompanying notes to the interim condensed consolidated financial statements.
Certain of the comparatives have been reclassified to conform with the current presentation (note 3b).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2020 and 2019

(Amounts in text and tables are in thousands of Canadian dollars, except share data and certain other exceptions as indicated)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Calfrac Well Services Ltd. (the "Company") was formed through the amalgamation of Calfrac Well Services Ltd. (predecessor company originally incorporated on June 28, 1999) and Denison Energy Inc. ("Denison") on March 24, 2004 under the Business Corporations Act (Alberta). The registered office is at 411 – 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1E3. The Company provides specialized oilfield services, including hydraulic fracturing, coiled tubing, cementing and other well completion services to the oil and natural gas industries in Canada, the United States, Russia, and Argentina.

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations by the International Financial Reporting Interpretations Committee (IFRIC). They should be read in conjunction with the annual financial statements for the year ended December 31, 2019. Unless otherwise noted, the Company has consistently applied the same accounting policies throughout all periods presented, as if these policies were always in effect.

These financial statements were approved for issuance by the Board of Directors on June 24, 2020.

2. GOING CONCERN

These interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business as they become due. The global economy has been significantly slowed by the COVID-19 pandemic, as reflected in the volatile financial markets. This has resulted in significant demand destruction for crude oil and related hydrocarbons. In addition, the delayed response by the OPEC+ group to an oversupply of crude oil on a global basis has caused further damage to global oil markets which, in turn, has negatively impacted the overall oil and gas industry and the Company's first quarter results and near-term outlook.

At March 31, 2020, the Company was in full compliance with the financial covenants under its credit facilities. Given the wide range of possible outcomes and scenarios resulting from the combination of the COVID-19 pandemic's impact on demand and the supply response relating to the OPEC–Russia agreement on crude oil production cuts, the Company has very limited insight on the economic conditions that will exist during the remainder of 2020. The pervasive impact and influence of these factors have a direct correlation with the Company's customers' capital spending plans and, as a result, the demand for the Company's services.

Management's internal forecasts currently indicate a potential breach of the Company's Funded Debt to EBITDA covenant under its credit facilities following the release of its third-quarter results, which are typically filed in accordance with applicable securities laws in mid-November. Should that occur, it would represent an event of default which carries the risk that the Company's banking syndicate may demand immediate repayment of all amounts due under its credit facilities. Additionally, subsequent to the end of the first quarter, the Company elected to defer its cash interest payment that was due on June 15, 2020 in respect of its outstanding 8.50% senior unsecured notes due 2026. Under the terms of the unsecured notes indenture, the Company has a 30-day grace period from the periodic interest payment date of June 15 in order to make this cash interest payment before an event of default will occur. The Company has both the ability and financial capacity to make this interest payment pursuant to the terms of the credit facilities currently in place. The Company has retained financial advisors and will use this grace period to address its capital structure.

As a result of the factors noted above, there are material uncertainties that may cast significant doubt on the ability of the Company to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern entity. Such material uncertainties may include: customer credit risk, compliance with financial covenants in future periods, liquidity, capital structure, valuation of long-lived assets and inventory valuation.

The Company is engaged in ongoing discussions with its banking syndicate in respect of the alternatives under consideration for addressing the Company's balance sheet. Although no agreement has been reached in respect of any amendments to the credit facilities, the banking syndicate is supportive of the proactive measures the Company has taken to address the rapid and unforeseen deterioration in 2020 business conditions. Measures taken include significant headcount reductions, salary reductions, restriction of discretionary spending, elimination of compensation programs and bonuses, and reduction

in capital spending. The Company continues to provide its services throughout its global operating footprint to a well-established customer base.

These interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and expenses and balance sheet classifications that would be necessary if the Company was unable to realize its assets and liabilities as a going concern in the normal course of operations. Such adjustments could be material.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as noted below, these condensed consolidated interim financial statements follow the same accounting policies and methods of application as the most recent annual financial statements.

(a) Changes in Accounting Estimates

Depreciation of the Company's property, plant and equipment incorporates estimates of useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change, thereby affecting the value of the Company's property, plant and equipment.

Effective January 1, 2019, the Company revised its useful life depreciation estimate and salvage value for certain of its components relating to field equipment. This change was adopted as a change in accounting estimate on a prospective basis, which resulted in a one-time depreciation charge of $9,540 to the statement of operations recorded in the first quarter of 2019.

(b) Changes in Accounting Policies

Effective April 1, 2019, the Company revised its policy regarding the derecognition of major components relating to field equipment. The revised policy states that the remaining carrying value of major components derecognized prior to reaching their estimated useful life will be recorded through depreciation on the statement of operations, rather than loss on disposal of property, plant and equipment. This change in presentation is a more appropriate classification of the derecognition of major components, indicating accelerated depreciation for components that were derecognized prior to reaching their estimated useful life.

The change in accounting policy was adopted on a retrospective basis, with each prior period presented in the statements of operations being restated to reflect the change. The change in policy resulted in a reclassification of loss on disposal of property, plant and equipment to depreciation expense on the statement of operations of $10,608 for the three months ended March 31, 2019.

(c) Income Taxes

For purposes of calculating income taxes during interim periods, the Company utilizes estimated annualized income tax rates. Current income tax expense is only recognized when taxable income is such that current income tax becomes payable. During the three months ended March 31, 2020, the Company derecognized its net deferred tax asset totaling $113,830 after assessing the utilization of available tax losses based on estimates of the Company's future taxable income.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tested for impairment in accordance with the Company's accounting policy. The Company reviews the carrying value of its property, plant and equipment at each reporting period for indicators of impairment. The Company's financial results have been negatively impacted by global economic events such as the OPEC+ crude oil supply war, the COVID-19 pandemic and the related global response to the COVID-19 demand reductions for crude oil. The Company recognizes this is an indicator of impairment that warrants an assessment on the recoverable amount of its property, plant and equipment.

The Company's CGUs are determined to be at the country level, consisting of Canada, the United States, Russia and Argentina.

The recoverable amount of property, plant and equipment was determined using the value in use method, based on multi-year discounted cash flows to be generated from the continuing operations of each CGU. Cash flow assumptions were based on a combination of historical and expected future results, using the following main key assumptions:

- Commodity price forecasts
- Expected revenue growth
- Expected operating income growth
- Discount rate

Revenue and operating income growth rates for each CGU were based on a combination of commodity price assumptions, historical results and forecasted activity levels, which incorporated pricing, utilization and cost improvements over the period. The cumulative annual growth rates for revenue over the forecast period from 2020 to 2024 ranged from 3.5 percent to 30.8 percent depending on the CGU.

The cash flows were prepared on a five-year basis, using a discount rate ranging from 13.8 percent to 21.9 percent depending on the CGU. Discount rates are derived from the Company's weighted average cost of capital, adjusted for risk factors specific to each CGU. Cash flows beyond that five-year period have been extrapolated using a steady 2.0 percent growth rate.

A comparison of the recoverable amounts of each cash-generating unit with their respective carrying amounts resulted in an impairment charge against property, plant and equipment of $37,770 for the Canadian CGU for the three months ended March 31, 2020 (three months ended March 31, 2019 – $nil).

A sensitivity analysis on the discount rate and expected future cash flows would have the following impact:

	Impairment			
	Canada	United States	Russia	Argentina
(C$000s)	*($)*	*($)*	*($)*	*($)*
10% increase in expected future cash flows	12,352	None	None	None
10% decrease in expected future cash flows	63,188	None	None	None
1% decrease in discount rate	28,567	None	None	None
1% increase in discount rate	46,551	None	None	None

Assumptions that are valid at the time of preparing the impairment test at March 31, 2020 may change significantly when new information becomes available. The Company will continue to monitor and update its assumptions and estimates with respect to property, plant and equipment impairment on an ongoing basis.

Furthermore, the Company carried out a comprehensive review of its property, plant and equipment and identified assets that were permanently idle or obsolete, and therefore, no longer able to generate cash inflows. These assets were written down to their recoverable amount resulting in an impairment charge of $15,754 for the three months ended March 31, 2020 (three months ended March 31, 2019 – $nil).

The impairment losses by CGU are as follows:

Three Months Ended March 31,	**2020**	2019
(C$000s)	***($)***	*($)*
Canada	**38,144**	—
United States	**15,380**	—
	53,524	—

5. LONG-TERM DEBT

	March 31, 2020	December 31, 2019
(C$000s)	***($)***	*($)*
US$431,818 senior unsecured notes (December 31, 2019 – US$650,000) due June 15, 2026, bearing interest at 8.50% payable semi-annually	**612,620**	844,220
US$120,000 second lien senior notes due March 15, 2026, bearing interest at 10.875% payable semi-annually, secured by the Canadian and U.S. assets of the Company on a second priority basis	**170,244**	—
$375,000 extendible revolving term loan facility, secured by Canadian and U.S. assets of the Company	**180,467**	147,988
Less: unamortized debt issuance costs	**(15,879)**	(15,515)
	947,452	976,693

The fair value of the senior unsecured notes, as measured based on the closing quoted market price at March 31, 2020, was $46,596 (December 31, 2019 – $342,078). The fair value of the second lien senior notes, as measured based on the closing market price at March 31, 2020 was $103,142 (December 31, 2019 – not applicable). The carrying value of the revolving term loan facility approximates its fair value as the interest rate is not significantly different from current interest rates for similar loans.

On February 24, 2020, the Company completed an exchange offer of US$120,000 of new 10.875% second lien secured notes ("New Notes") due March 15, 2026 to holders of its existing 8.50% senior unsecured notes ("Old Notes") due June 15, 2026. The New Notes are secured by a second lien on the same assets that secure obligations under the Company's existing senior secured credit facility. The exchange was completed at an average exchange price of US$550 per each US$1,000 of Old Notes resulting in US$218,182 being exchanged for US$120,000 of New Notes, resulting in a non-cash gain on exchange of debt of $130,444.

On April 30, 2019, Calfrac amended and extended its credit facilities while maintaining its total facility capacity at $375,000. The facilities consist of an operating facility of $40,000 and a syndicated facility of $335,000. The Company's credit facilities were extended by a term of two years and mature on June 1, 2022 and can be extended by one or more years at the Company's request and lenders' acceptance. The Company may also prepay principal without penalty. The interest rates are based on the parameters of certain bank covenants. For prime-based loans and U.S. base-rate loans, the rate ranges from prime or U.S. base rate plus 0.50 percent to prime plus 2.50 percent. For LIBOR-based loans and bankers' acceptance-based loans, the margin thereon ranges from 1.50 percent to 3.50 percent above the respective base rates. The accordion feature of the syndicated facility remains at $100,000, and is available to the Company during the term of the agreement. The Company incurs interest at the high end of the ranges outlined above if its net Total Debt to Adjusted EBITDA ratio is above 4.00:1.00. Additionally, in the event that the Company's net Total Debt to Adjusted EBITDA ratio is above 5.00:1.00, certain restrictions would apply including the following: (a) acquisitions will be subject to majority lender consent; (b) distributions will be restricted other than those relating to the Company's share unit plans; and (c) no increase in the rate of dividends will be permitted. As at March 31, 2020, the Company's net Total Debt to Adjusted EBITDA ratio was 9.74:1.00 (December 31, 2019 – 6.96:1:00).

Debt issuance costs related to this facility are amortized over its term.

Interest on long-term debt (including the amortization of debt issuance costs and debt discount) for the three months ended March 31, 2020 was $25,448 (three months ended March 31, 2019 – $20,726).

The following table sets out an analysis of long-term debt and the movements in long-term debt for the periods presented:

	2019
(C$000s)	*($)*
Balance, January 1	976,693
Issuance of long-term debt, net of debt issuance costs	24,258
Long-term debt repayments	—
Gain on exchange of debt	(130,444)
Amortization of debt issuance costs and debt discount	6,508
Foreign exchange adjustments	70,437
Balance, March 31	947,452

At March 31, 2020, the Company had utilized $922 of its loan facility for letters of credit, had $180,467 outstanding under its revolving term loan facility and $2,997 of bank overdraft, leaving $190,614 in available credit, subject to a monthly borrowing base, as determined using the previous month's results, which at March 31, 2020, resulted in liquidity amount of $69,177.

See note 12 for further details on the covenants in respect of the Company's long-term debt. See note 2 and 20 for further details regarding the Company's senior unsecured notes.

6. CAPITAL STOCK

Authorized capital stock consists of an unlimited number of common shares.

	Three Months Ended March 31, 2020		Year Ended December 31, 2019	
Continuity of Common Shares	**Shares**	**Amount**	Shares	Amount
	(#)	***($000s)***	*(#)*	*($000s)*
Balance, beginning of period	**144,888,888**	**506,735**	144,462,532	504,526
Issued upon exercise of stock options	**—**	**—**	98,675	252
Issued upon vesting of performance share units	**282,306**	**1,275**	104,865	707
Issued on acquisition (note 11)	**—**	**—**	222,816	1,250
Balance, end of period	**145,171,194**	**508,010**	144,888,888	506,735
Shares to be issued (note 11)	**445,633**	**2,500**	445,633	2,500
	145,616,827	**510,510**	145,334,521	509,235

The weighted average number of common shares outstanding for the three months ended March 31, 2020 was 144,941,175 basic and 145,556,268 diluted (three months ended March 31, 2019 – 144,404,051 basic and 146,238,510 diluted). The difference between basic and diluted shares is attributable to the dilutive effect of stock options issued by the Company as disclosed in note 7, and the shares to be issued as disclosed in note 11.

7. SHARE-BASED PAYMENTS

(a) Stock Options

Three Months Ended March 31,	**2020**		2019	
Continuity of Stock Options	**Options**	**Average Exercise Price**	Options	Average Exercise Price
	(#)	***($)***	*(#)*	*($)*
Balance, January 1	**12,203,008**	**3.16**	9,392,095	4.70
Granted	**24,900**	**1.05**	1,542,000	2.48
Exercised for common shares	**—**	**—**	(12,425)	1.99
Forfeited	**(198,108)**	**2.91**	(239,401)	3.94
Expired	**(57,100)**	**8.37**	(5,200)	18.02
Balance, March 31	**11,972,700**	**3.14**	10,677,069	4.39

Stock options vest equally over three to four years and expire five years from the date of grant. The exercise price of outstanding options range from $0.37 to $8.72 with a weighted average remaining life of 2.57 years. When stock options are exercised, the proceeds together with the compensation expense previously recorded in contributed surplus, are added to capital stock.

The weighted average fair value of options granted during 2020, determined using the Black-Scholes valuation method, was $0.43 per option (three months ended March 31, 2019 – $1.02 per option). The Company applied the following assumptions in determining the fair value of options on the date of grant:

Three Months Ended March 31,	**2020**	2019
Expected life (years)	**3.00**	3.00
Expected volatility	**66.11 %**	59.83 %
Risk-free interest rate	**1.08 %**	1.75 %
Expected dividends	**$0.00**	$0.00

Expected volatility is estimated by considering historical average share price volatility.

(b) Share Units

Three Months Ended March 31,	**2020**		2019		
Continuity of Stock Units	**Deferred Share Units**	**Performance Share Units**	Deferred Share Units	Performance Share Units	Restricted Share Units
	(#)	***(#)***	*(#)*	*(#)*	*(#)*
Balance, January 1	**145,000**	**1,294,564**	145,000	1,108,300	3,139,150
Granted	**105,000**	**986,144**	145,000	1,098,368	—
Exercised	**—**	**(282,306)**	(145,000)	(244,683)	(1,998,600)
Forfeited	**—**	**(158,503)**	—	(44,969)	(54,700)
Balance, March 31	**250,000**	**1,839,899**	145,000	1,917,016	1,085,850

Three Months Ended March 31,	**2020**	2019
	($)	*($)*
Expense (recovery) from:		
Stock options	**499**	611
Deferred share units	**(127)**	112
Performance share units	**184**	765
Restricted share units	**—**	783
Total stock-based compensation expense	**556**	2,271

Stock-based compensation expense is included in selling, general and administrative expenses.

The Company grants deferred share units to its outside directors. These units vest on the first anniversary of the date of grant and are settled either in cash (equal to the market value of the underlying shares at the time of exercise) or in Company shares purchased on the open market. The fair value of the deferred share units is recognized equally over the vesting period, based on the current market price of the Company's shares. At March 31, 2020, the liability pertaining to deferred share units was $39 (December 31, 2019 – $166).

The Company grants performance share units to its employees. These performance share units contain a cash-based component and an equity-based component. The cash-based component vests over three years based on corporate financial performance thresholds and are settled either in cash (equal to the market value of the underlying shares at the time of vesting) or in Company shares purchased on the open market. The equity-based component vests over three years without any further conditions and are settled in treasury shares issued by the Company. At March 31, 2020, the liability pertaining to the cash-based component of performance share units was $nil (December 31, 2019 – $nil).

Changes in the Company's obligations under the deferred and performance share unit plans, which arise from fluctuations in the market value of the Company's shares underlying these compensation programs, are recorded as the share value changes.

8. LEASES

The Company's leasing activities comprise of buildings and various field equipment including railcars and motor vehicle leases. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Leases are recognized as a right-of-use (ROU) asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability (principal) and interest. The interest is charged to the statement of operations over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The ROU asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Company recognizes a ROU asset at cost consisting of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of any restoration costs and any initial direct costs incurred by the lessee. The provision for any restoration costs is recognized as a separate liability as set out in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The Company recognizes a lease liability equal to the present value of the lease payments during the lease term that are not yet paid. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. The Company initially estimates and recognizes amounts expected to be payable under residual value guarantees as part of the lease liability. Typically, the expected residual value at the commencement of the lease is equal to or higher than the guaranteed amount, and the Company does not expect to pay anything under the guarantees.

Payments associated with variable lease payments, short-term leases and leases of low value assets are recognized as an expense in the statement of operations. Short-term leases are leases with a lease term of twelve months or less. Low value assets comprise I.T. equipment and small items of office equipment.

The recognized right-of-use assets relate to the following types of assets:

	March 31, 2020	December 31, 2019
(C$000s)	***($)***	*($)*
Field equipment	**23,213**	24,403
Buildings	**13,938**	5,357
	37,151	29,760

The following table sets out the movement in the lease obligation for the periods presented:

	2020
(C$000s)	*($)*
Balance, January 1	30,919
Additions	10,698
Disposals/retirements	(1,624)
Principal portion of payments	(4,926)
Foreign exchange adjustments	1,915
Balance, March 31	36,982

9. FINANCIAL INSTRUMENTS

The Company's financial instruments included in the consolidated balance sheets are comprised of cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities, long-term debt and lease obligations.

(a) Fair Values of Financial Assets and Liabilities

The fair values of financial instruments included in the consolidated balance sheets, except long-term debt, approximate their carrying amounts due to the short-term maturity of those instruments. The fair value of the senior unsecured notes based on the closing market price at March 31, 2020 was $46,596 before deduction of unamortized debt issuance costs (December 31, 2019 – $342,078). The carrying value of the senior unsecured notes at March 31, 2020 was $612,620 before deduction of unamortized debt issuance costs and debt discount (December 31, 2019 – $844,220). The fair value of the second lien senior notes based on the closing market price at March 31, 2020 was $103,142 before deduction of unamortized debt issuance costs (December 31, 2019 – not applicable). The carrying value of the second lien senior unsecured notes at March 31, 2020 was $170,244 before deduction of unamortized debt issuance costs and debt discount (December 31, 2019 – not applicable).

The fair values of the remaining long-term debt approximate their carrying values, as described in note 5.

(b) Credit Risk

Substantial amounts of the Company's accounts receivable are with customers in the oil and natural gas industry and are subject to normal industry credit risks. The Company mitigates this risk through its credit policies and practices including the use of credit limits and approvals, and by monitoring the financial condition of its customers. At March 31, 2020, the Company had a provision for doubtful accounts receivable of $1,692 (December 31, 2019 – $1,931).

IFRS 9 *Financial Instruments* requires an entity to estimate its expected credit loss for all trade accounts receivable even when they are not past due based on the expectation that certain receivables will be uncollectible. Based on the Company's assessment using the lifetime expected credit loss model, no further allowance for doubtful accounts was recorded during the three months ended March 31, 2020. The expected credit loss rates are based on actual credit loss experience over the past several years for each operating segment.

The loss allowance provision for trade accounts receivable as at March 31, 2020 reconciles to the opening loss allowance provision as follows:

	2020
(C$000s)	*($)*
At January 1, 2020	1,931
Increase in loan loss allowance recognized in statement of operations	—
Specific receivables deemed as uncollectible and written off	(248)
Foreign exchange adjustments	9
At March 31, 2020	1,692

(c) Liquidity Risk

The Company's principal sources of liquidity are operating cash flows, existing or new credit facilities and new share equity. The Company monitors its liquidity to ensure it has sufficient funds to complete planned capital and other expenditures. See note 12 for further details on the Company's capital structure. See note 2 and 20 for further details regarding the Company's senior unsecured notes.

10. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating assets and liabilities are as follows:

Three Months Ended March 31,	**2020**	2019
(C$000s)	***($)***	*($)*
Accounts receivable	**(15,399)**	39,418
Inventory	**169**	7,522
Prepaid expenses and deposits	**1,713**	2,635
Accounts payable and accrued liabilities	**(30,369)**	(18,162)
Income taxes recoverable	**(119)**	487
	(44,005)	31,900

Purchase of property, plant and equipment is comprised of:

Three Months Ended March 31,	**2020**	2019
(C$000s)	***($)***	*($)*
Property, plant and equipment additions	**(29,283)**	(28,218)
Change in liabilities related to the purchase of property, plant and equipment	**2,470**	(4,795)
	(26,813)	(33,013)

11. ACQUISITION

On July 20, 2018, the Company acquired Vision Sur SRL, the entity that held the remaining 20 percent non-controlling interest in Calfrac Well Services (Argentina) S.A. As a result of the acquisition, Calfrac Well Services (Argentina) S.A. is now a wholly-owned subsidiary of the Company. The purchase price for Vision Sur SRL took into account the prior investments made in Calfrac Well Services (Argentina) S.A. by its shareholders, and consisted of share consideration valued at $5,000. Under the terms of the agreement, the purchase price is payable in four tranches, with 222,817 shares issued on the acquisition date, and the remaining 668,449 shares to be issued in three tranches with the final tranche payable on January 1, 2021. This arrangement also contained an agreement to issue additional contingent shares, ranging from 50,000 to 70,000 shares, if the operating income for Calfrac Well Services (Argentina) S.A. reaches certain target levels in 2019 and 2020. The value of the contingent consideration is not material on a consolidated basis. Acquisition costs were insignificant and expensed in the statement of operations.

Subsequent to the acquisition, the purchase agreement was amended to include a price adjustment mechanism. If the operating income of Calfrac Well Services (Argentina) S.A. reaches certain target levels in 2019 and 2020, additional shares may be issued or additional cash consideration may be paid. The amount of contingent consideration, if it becomes payable, is not expected to be material.

12. CAPITAL STRUCTURE

The Company's capital structure is comprised of shareholders' equity and debt. The Company's objectives in managing capital are (i) to maintain flexibility so as to preserve its access to capital markets and its ability to meet its financial obligations, and (ii) to finance growth, including potential acquisitions.

The Company manages its capital structure and makes adjustments in light of changing market conditions and new opportunities, while remaining cognizant of the cyclical nature of the oilfield services sector. To maintain or adjust its capital structure, the Company may revise its capital spending, adjust dividends, if any, paid to shareholders, issue new shares or new debt or repay existing debt.

The Company monitors its capital structure and financing requirements using, amongst other parameters, the ratio of net debt to operating income. Operating income for this purpose is calculated on a 12-month trailing basis and is defined as follows:

For the Twelve Months	**March 31, 2020**	December 31, 2019
(C$000s)	***($)***	*($)*
Net loss	**(242,726)**	(156,203)
Adjusted for the following:		
Depreciation	**252,354**	261,227
Foreign exchange losses	**5,738**	6,341
Loss on disposal of property, plant and equipment	**4,012**	1,870
Impairment of property, plant and equipment	**55,689**	2,165
Impairment of other assets	**507**	—
Impairment of inventory	**3,744**	3,744
Gain on exchange of debt	**(130,444)**	—
Interest	**90,639**	85,826
Income taxes	**75,306**	(52,226)
Operating income	**114,819**	152,744

Net debt for this purpose is calculated as follows:

As at	**March 31, 2020**	December 31, 2019
(C$000s)	***($)***	*($)*
Long-term debt, net of debt issuance costs and debt discount	**947,452**	976,693
Lease obligations	**36,982**	30,919
Add (deduct): bank overdraft (cash and cash equivalents)	**2,997**	(42,562)
Net debt	**987,431**	965,050

The ratio of net debt to operating income does not have a standardized meaning under IFRS and may not be comparable to similar measures used by other companies.

At March 31, 2020, the net debt to operating income ratio was 8.60:1 (December 31, 2019 – 6.32:1) calculated on a 12-month trailing basis as follows:

For the Twelve Months Ended	**March 31, 2020**	December 31, 2019
(C$000s, except ratio)	***($)***	*($)*
Net debt	**987,431**	965,050
Operating income	**114,819**	152,744
Net debt to operating income ratio	**8.60:1**	6.32:1

The Company is subject to certain financial covenants relating to working capital, leverage and the generation of cash flow in respect of its operating and revolving credit facilities. These covenants are monitored on a monthly basis. At March 31, 2020 and December 31, 2019, the Company was in compliance with its covenants with respect to its credit facilities.

	Covenant	**Actual**
As at March 31,	2020	**2020**
Working capital ratio not to fall below	1.15x	**2.87x**
Funded Debt to Adjusted EBITDA not to exceed[(1)(2)]	3.00x	**1.94x**
Funded Debt to Capitalization not to exceed[(1)(3)]	0.30x	**0.16x**

(1) Funded Debt is defined as Total Debt excluding all outstanding senior unsecured notes and lease obligations. Total Debt includes bank loans and long-term debt (before unamortized debt issuance costs and debt discount) plus outstanding letters of credit. For the purposes of the Total Debt to Adjusted EBITDA ratio, the Funded Debt to Capitalization Ratio and the Funded Debt to Adjusted EBITDA ratio, the amount of Total Debt or Funded Debt, as applicable, is reduced by the amount of cash on hand with lenders (excluding any cash held in a segregated account for the purposes of a potential equity cure).
(2) Adjusted EBITDA is defined as net income or loss for the period adjusted for interest, taxes, depreciation and amortization, non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring.
(3) Capitalization is Total Debt plus equity.

Adjusted EBITDA is defined as net income or loss for the period less interest, taxes, depreciation and amortization, unrealized foreign exchange losses (gains), non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring. Adjusted EBITDA is presented because it gives an indication of the results from the Company's principal business activities prior to consideration of how its activities are financed and the impact of foreign exchange, taxation and depreciation and amortization charges. Adjusted EBITDA for the period was calculated as follows:

Three Months Ended March 31,	**2020**	2019
(C$000s)	***($)***	*($)*
Net loss	**(122,857)**	(36,334)
Add back (deduct):		
Depreciation	**63,263**	72,136
Unrealized foreign exchange (gains) losses	**(2,280)**	144
Loss (gain) on disposal of property, plant and equipment	**1,669**	(473)
Impairment of property, plant and equipment	**53,524**	—
Impairment of other assets	**507**	—
Restructuring charges	**2,621**	20
Stock-based compensation	**683**	812
Gain on exchange of debt	**(130,444)**	—
Interest	**26,043**	21,230
Income taxes	**114,083**	(13,449)
Adjusted EBITDA[(1)]	**6,812**	44,086

(1) For bank covenant purposes, EBITDA includes an additional $5,466 of lease payments that would have been recorded as operating expenses prior to the adoption of IFRS 16.

Advances under the credit facilities are limited by a borrowing base. The borrowing base is calculated based on the following:

i. Eligible North American accounts receivable, which is based on 75 percent of accounts receivable owing by companies rated BB+ or lower by Standard & Poor's (or a similar rating agency) and 85 percent of accounts receivable from companies rated BBB- or higher;

ii. 100 percent of unencumbered cash of the parent company and its U.S. operating subsidiary, excluding any cash held in a segregated account for the purposes of a potential equity cure; and

iii. 25 percent of the net book value of property, plant and equipment (PP&E) of the parent company and its U.S. operating subsidiary. The value of PP&E excludes assets under construction and is limited to $150,000.

The indentures governing the senior unsecured notes and second lien secured notes contain restrictions on the Company's ability to pay dividends, purchase and redeem shares of the Company, and make certain restricted investments in circumstances where:

i. the Company is in default under the indenture or the making of such payment would result in a default;
ii. the Company is not meeting the Fixed Charge Coverage Ratio[(1)] under the indenture of at least 2:1 for the most recent four fiscal quarters; or
iii. there is insufficient room for such payment within a builder basket included in the indenture.

(1) The Fixed Charge Coverage Ratio is defined as cash flow to interest expense. Cash flow is a non-GAAP measure and does not have a standardized meaning under IFRS and is defined under the indenture as net income (loss) before depreciation, extraordinary gains or losses, unrealized foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, impairment or reversal of impairment of assets, restructuring charges, provision for settlement of litigation, stock-based compensation, interest, and income taxes. Interest expense is adjusted to exclude any non-recurring charges associated with redeeming or retiring any indebtedness prior to its maturity.

These limitations on restricted payments are tempered by the existence of a number of exceptions to the general prohibition, including a basket allowing for restricted payments in an aggregate amount of up to US$20,000. As at March 31, 2020, this basket was not utilized.

The indenture also restricts the incurrence of additional indebtedness if the Fixed Charge Coverage Ratio determined on a pro forma basis for the most recently ended four fiscal quarter period for which internal financial statements are available is not at least 2:1. As is the case with restricted payments, there are a number of exceptions to this prohibition on the incurrence of additional indebtedness, including the incurrence of additional debt under credit facilities up to the greater of $375,000 or 30 percent of the Company's consolidated tangible assets.

As at March 31, 2020, the Company's Fixed Charge Coverage Ratio of 1.44:1 was less than the required 2:1 ratio. Failing to meet the Fixed Charge Coverage Ratio is not an event of default under the indenture, and the baskets highlighted in the preceding paragraphs provide sufficient flexibility for the Company to make anticipated restricted payments, such as dividends, and incur additional indebtedness as required to conduct its operations and satisfy its obligations.

See note 2 and 20 for further details regarding the Company's senior unsecured notes.

Proceeds from equity offerings may be applied as both an adjustment in the calculation of Adjusted EBITDA and as a reduction of Funded Debt towards the Funded Debt to Adjusted EBITDA ratio covenant for any of the quarters ending prior to and including June 30, 2022, subject to certain conditions including:

i. the Company is only permitted to use the proceeds of a common share issuance to increase Adjusted EBITDA a maximum of two times;
ii. the Company cannot use the proceeds of a common share issuance to increase Adjusted EBITDA in consecutive quarter ends;
iii. the maximum proceeds of each common share issuance permitted to be attributed to Adjusted EBITDA cannot exceed the greater of 50 percent of Adjusted EBITDA on a rolling four-quarter basis and $25,000; and
iv. if proceeds are not used immediately as an equity cure they must be held in a segregated bank account pending an election to use them for such purpose, and if they are removed from such account but not used as an equity cure they will no longer be eligible for such use.

In addition, to the extent that proceeds from an equity offering are used as part of the Equity Cure, such proceeds are included in the calculation of the Company's borrowing base.

13. RELATED-PARTY TRANSACTIONS

The Company leases certain premises from a company controlled by Ronald P. Mathison, the Executive Chairman of the Company. The rent charged for these premises during the three months ended March 31, 2020 was $428 (three months ended March 31, 2019 – $436), as measured at the exchange amount which is based on market rates at the time the lease arrangements were made.

14. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company derives revenue from the provision of goods and services for the following major service lines and geographical regions:

	Canada	United States	Russia	Argentina	Consolidated
(C$000s)	*($)*	*($)*	*($)*	*($)*	*($)*
Three Months Ended March 31, 2020					
Fracturing	**94,583**	**154,112**	**18,331**	**12,127**	**279,153**
Coiled tubing	**10,037**	**—**	**2,660**	**6,167**	**18,864**
Cementing	**—**	**—**	**—**	**7,499**	**7,499**
Product sales	**(1)**	**—**	**—**	**—**	**(1)**
Subcontractor	**—**	**—**	**—**	**—**	**—**
	104,619	**154,112**	**20,991**	**25,793**	**305,515**

Three Months Ended March 31, 2019					
Fracturing	115,591	258,856	25,894	33,172	433,513
Coiled tubing	14,800	—	3,184	7,696	25,680
Cementing	—	—	—	4,648	4,648
Product sales	1,004	269	—	—	1,273
Subcontractor	—	—	—	9,898	9,898
	131,395	259,125	29,078	55,414	475,012

The Company recognizes all its revenue from contracts with customers and no other sources (such as lease rental income).

The Company does not incur material costs to obtain contracts with customers and consequently, does not recognize any contract assets. The Company does not have any contract liabilities associated with its customer contracts.

15. PRESENTATION OF EXPENSES

The Company presents its expenses on the consolidated statements of operations using the function of expense method whereby expenses are classified according to their function within the Company. This method was selected as it is more closely aligned with the Company's business structure. The Company's functions under IFRS are as follows:

- operations (cost of sales); and
- selling, general and administrative.

Cost of sales includes direct operating costs (including product costs, direct labour and overhead costs) and depreciation on assets relating to operations.

Three Months Ended March 31,	**2020**	2019
(C$000s)	***($)***	*($)*
Product costs	**80,909**	132,175
Personnel costs	**95,100**	120,902
Depreciation on property, plant and equipment	**59,600**	56,491
Depreciation on right-of-use assets (note 8)	**3,663**	5,037
Other operating costs	**106,738**	159,108
	346,010	473,713

16. EMPLOYEE BENEFITS EXPENSE

Employee benefits include all forms of consideration given by the Company in exchange for services rendered by employees.

Three Months Ended March 31,	**2020**	2019
(C$000s)	***($)***	*($)*
Salaries and short-term employee benefits	**93,584**	122,527
Post-employment benefits (group retirement savings plan)	**2,267**	2,636
Share-based payments	**556**	2,271
Termination benefits	**2,917**	222
	99,324	127,656

17. CONTINGENCIES

GREEK LITIGATION

As a result of the acquisition and amalgamation with Denison in 2004, the Company 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 Company), terminated employees in Greece as a result of the cessation of its oil and natural gas operations in that country. Several groups of former employees filed claims against NAPC and the consortium alleging that their termination was invalid and that their severance pay was improperly determined.

In 1999, the largest group of plaintiffs received a ruling from the Athens Court of First Instance that their termination was invalid and that salaries in arrears amounting to approximately $10,669 (6,846 euros) plus interest were due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. The said group of former employees filed an appeal with the Supreme Court of Greece, which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered in June 2010. As a result of Denison's participation in the consortium that was named in the lawsuit, the Company has been served with three separate payment orders, one on March 24, 2015 and two others on December 29, 2015. The Company was also served with an enforcement order on November 23, 2015. Oppositions have been filed on behalf of the Company in respect of each of these orders which oppose the orders on the basis that they were improperly issued and are barred from a statute of limitations perspective. The salaries in arrears sought to be recovered through these orders are part of the $10,669 (6,846 euros) cited above and the interest being sought in respect of these orders is part of the $29,360 (18,840 euros) cited below. Provisional orders granting a temporary suspension of any enforcement proceedings have been granted in respect of all of the orders that have been served. The opposition against the order served on March 24, 2015 was heard on November 24, 2015 and a decision was issued on November 25, 2016 accepting the Company's opposition on the basis that no lawful service had taken place until the filing of the opponents' petition and/or the issuance of the payment order. The plaintiffs filed an appeal against the above decision which was heard on October 16, 2018 and was rejected in June 2019. The plaintiffs have filed a petition for cassation against appeal judgment, the hearing of which has not yet been scheduled. A hearing in respect of the order served on November 23, 2015 took place on October 31, 2018 and a decision was issued in October 2019 accepting the Company's opposition. The plaintiffs filed an appeal against this decision, the hearing of which was scheduled for March 24, 2020. Due to the COVID-19 pandemic, the hearing did not take place and it has not been rescheduled yet. A hearing in respect of the orders served in December 2015 scheduled for September 20, 2016 was adjourned until November 21, 2016 and decisions were issued on January 9, 2017 accepting the Company's oppositions on a statute of limitations basis. The plaintiffs filed appeals against the above decisions which were heard on October 16, 2018 and were rejected in June 2019. The plaintiffs have filed petitions for cassation against appeal judgments, the hearings of which have not yet been scheduled.

NAPC is also the subject of a claim for approximately $4,460 (2,862 euros) plus associated penalties and interest from the Greek social security agency for social security obligations associated with the salaries in arrears that are the subject of the above-mentioned decision.

The maximum aggregate interest and penalties payable under the claims noted above, as well as three other immaterial claims against NAPC totaling $900 (578 euros), amounted to $29,360 (18,840 euros) as at March 31, 2020.

Management is of the view that it is improbable there will be a material financial impact to the Company as a result of these claims. Consequently, no provision has been recorded in these interim condensed consolidated financial statements.

18. SEGMENTED INFORMATION

The Company's activities are conducted in four geographical segments: Canada, the United States, Russia and Argentina. All activities are related to hydraulic fracturing, coiled tubing, cementing and other well completion services for the oil and natural gas industry.

The business segments presented reflect the Company's management structure and the way its management reviews business performance. The Company evaluates the performance of its operating segments primarily based on operating income, as defined below.

	Canada	United States	Russia	Argentina	Corporate	Consolidated
(C$000s)	***($)***	***($)***	***($)***	***($)***	***($)***	***($)***
Three Months Ended March 31, 2020						
Revenue	**104,619**	**154,112**	**20,991**	**25,793**		**305,515**
Operating income (loss)[(1)]	**11,975**	**5,187**	**(2,298)**	**(1,632)**	**(7,534)**	**5,698**
Segmented assets	**465,790**	**753,657**	**70,316**	**181,012**		**1,470,775**
Capital expenditures	**4,234**	**24,031**	**587**	**431**		**29,283**
Three Months Ended March 31, 2019						
Revenue	131,395	259,125	29,078	55,414	—	475,012
Operating income (loss)[(1)]	13,726	37,744	(2,776)	4,855	(9,926)	43,623
Segmented assets	566,199	916,136	107,339	149,634	—	1,739,308
Capital expenditures	3,921	19,428	2,179	2,690	—	28,218

[(1)] Operating income (loss) is defined as net income (loss) before depreciation, foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, impairment of inventory, impairment of property, plant and equipment, interest, and income taxes.

Three Months Ended March 31,	**2020**	2019
(C$000s)	***($)***	*($)*
Net loss	**(122,857)**	(36,334)
Add back (deduct):		
Depreciation	**63,263**	72,136
Foreign exchange (gains) losses	**(90)**	513
Loss (gain) on disposal of property, plant and equipment	**1,669**	(473)
Impairment of property, plant and equipment	**53,524**	—
Impairment of other assets	**507**	—
Gain on exchange of debt	**(130,444)**	—
Interest	**26,043**	21,230
Income taxes	**114,083**	(13,449)
Operating income	**5,698**	43,623

Operating income does not have a standardized meaning under IFRS and may not be comparable to similar measures used by other companies.

19. SEASONALITY OF OPERATIONS

Certain of the Company's Canadian and United States businesses are seasonal in nature. The lowest activity levels in these areas are typically experienced during the second quarter of the year when road weight restrictions are in place and access to well sites in Canada and North Dakota is reduced.

20. SUBSEQUENT EVENT

Subsequent to the end of the first quarter, the Company elected to defer its cash interest payment that was due on June 15, 2020 in respect of its outstanding 8.50% senior unsecured notes due 2026. Under the terms of the unsecured notes indenture, the Company has a 30-day grace period from the periodic interest payment date of June 15 in order to make this cash interest payment before an event of default will occur. The Company has both the ability and financial capacity to make this interest payment pursuant to the terms of the credit facilities currently in place.

Exhibit "25"

THIS IS EXHIBIT " 25 " REFERRED TO IN
THE AFFIDAVIT OF RONALD P. MATHISON
AFFIRMED BEFORE ME THIS 13th DAY OF
JULY, 2020

A Commissioner for Oaths
in and for the Province of Alberta

Chris Simard

Innovation, Science and Economic Development Canada
Innovation, Sciences et Développement économique Canada

Corporations Canada
C.D. Howe Building
West Tower,7th floor
235 Queen Street
Ottawa, Ontario K1A 0H5

Corporations Canada
Édifice C.D. Howe
Tour ouest, 7e étage
235, rue Queen
Ottawa (Ontario) K1A 0H5

July 10, 2020

BY EMAIL

Drew Broughton
Bennett Jones LLP
broughtona@bennettjones.com

Dear Mr. Broughton:

RE: 12178711 Canada Inc. / Calfrac Well Services Ltd.
APPLICATION FOR PRELIMINARY INTERIM ORDER

We acknowledge receipt of the email sent on July 9, 2020 enclosing the following document:

1. Preliminary Interim Order, in draft form.

Based on the foregoing information, please be informed that the staff of the Director has determined that the Director does not have standing to review or take a position on this application, as there is no arrangement to be reviewed at this time.

We look forward to receiving notice of the application for the interim order in respect of the proposed plan of arrangement, in accordance to the "*Policy on arrangements – Canada Business Corporations Act*, *section 192*".

Sincerely,

Karim Mikaël

Karim Mikaël
Manager, Arrangements, Exemptions and Case Assessment
Compliance and Policy Directorate
Corporations Canada
Karim.Mikael@Canada.ca