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| 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<br><br>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. |
| APPLICANT | WILKS BROTHERS, LLC |
| RESPONDENTS | 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. |
| DOCUMENT | **AFFIDAVIT** |
| ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT | **Cassels Brock & Blackwell LLP**<br>Suite 3810 Bankers Hall West<br>888 – 3rd Street SW<br>Calgary, AB T2P 5C5<br><br>**Attention:** **Timothy Pinos/Jason Holowachuk**<br>Tel: 416.869.5784<br>Fax: 416.350.6903<br>Email: tpinos@cassels.com<br>jholowachuk@cassels.com |
| AFFIDAVIT OF | **SHERRY NADEAU** |
| SWORN | September 23, 2020 |

I, SHERRY NADEAU, of the City of Airdrie, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I am a legal assistant at Cassels Brock & Blackwell LLP ("**Cassels**"), counsel for Wilks Brothers, LLC in this action, and as such I have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be based upon information and belief and where so stated I do verily believe the same to be true.

2. Attached and marked as the following Exhibits to this my Affidavit are true copies of the following documents, which I reviewed and obtained from the following websites on September 23, 2020: https://sedar.com (under the "Issuer Profile" tab for documents of Calfrac Well Services Ltd.), https://www.newswire.ca/news/wilks-brothers,-llc./ (Wilks Brothers press releases) and https://www.newswire.ca/news/calfrac-well-services-ltd. (Calfrac Well Services Ltd. press releases):

**Exhibit "A"** July 14, 2020 Press Release of Calfrac Well Services Ltd;

**Exhibit "B"** August 17, 2020 Management Information Circular of Calfrac Well Services Ltd.;

**Exhibit "C"** September 1, 2020 press release of Wilks Brothers, LLC;

**Exhibit "D"** September 8, 2020 press release of Wilks Brothers, LLC;

**Exhibit "E** September 10, 2020 press release of Wilks Brothers, LLC;

**Exhibit "F"** September 11, 2020 press release of Wilks Brothers, LLC; and

**Exhibit "G"** September 14, 2020 press release of Calfrac Well Services Ltd.

3. I am advised by Mr. Timothy Pinos and Ms. Lara Jackson of Cassels, and I believe, that each of the following Exhibits marked and attached to this my Affidavit is a true copy of a correspondence sent or received by Mr. Pinos and Ms. Jackson as counsel for Wilks Brothers, LLC in this action, by or to Bennett Jones as counsel for Calfrac in this action, on or about the date indicated on the face of each such correspondence, as follows:

**Exhibit "H"** Email exchange between counsel for the parties to this Application concerning the timetable for the final approval hearing for the Plan of Arrangement ending September 9, 2020**.**

**Exhibit "I"** Letter from Mr. Pinos of Cassels to Mr. Simard of Bennett Jones LLP dated September 10, 2020;

**Exhibit "J"** Letter from Mr. Pinos of Cassels to Mr. Simard of Bennett Jones LLP dated September 14, 2020;

**Exhibit "K"** Letter from Mr. Simard of Bennett Jones LLP to Mr. Pinos of Cassels dated September 16, 2020;

**Exhibit "L"** Letter from Mr. Pinos of Cassels to Mr. Simard of Bennett Jones LLP dated September 18, 2020, which includes a draft Notice of Appointment; and

**Exhibit "M"** Letter from Mr. Simard of Bennett Jones LLP to Mr. Pinos of Cassels dated September 22, 2020.

4. In swearing this Affidavit, I was not physically present before the commissioner for oaths/notary public but was linked with the commissioner for oaths/notary public utilizing video technology and, to the best of my knowledge, the process described in Court of Queen's Bench of Alberta Notice to the Profession and Public on Remote Commissioning of Affidavits for use in Civil and Family Proceedings During the COVID-19 Pandemic dated March 25, 2020 was followed.

SWORN BEFORE ME at the City of Calgary, in the Province of Alberta this 23rd day of September, 2020.

A Commissioner for Oaths in and for Alberta
Robert Hamilton
Barrister & Solicitor
In and for the Province of Alberta

SHERRY NADEAU

# Calfrac Announces Commencement of CBCA Stay Proceedings, Recapitalization Transaction and Financial Update

THIS IS EXHIBIT "A"
Referred to in the Affidavit of
Sherry Nadeau
Sworn before me this 23 day of September, A.D. 2020.
A Commissioner for Oaths in and for Alberta
Robert Hamilton Barrister & Solicitor

CALGARY, AB, July 14, 2020 /CNW/ - **Calfrac Well Services Ltd. ("Calfrac" or the "Company")** (TSX: CFW) announces that Calfrac and certain related entities (collectively, the "**Calfrac Applicants**") have obtained a preliminary interim order (the "**Preliminary Interim Order**") under the Canada Business Corporations Act (the "**CBCA**") from the Court of Queen's Bench of Alberta (the "**Court**") (the "**CBCA Proceedings**"). Calfrac also announces that it has entered into support agreements with certain holders of its outstanding 8.50% senior unsecured notes due 2026 (the "**Unsecured Notes**"), holding approximately 50% of the outstanding principal amount of the Unsecured Notes and certain holders of common shares ("**Common Shares**") including all directors, the Executive Chairman, President and Chief Operating Officer and Chief Financial Officer of the Company, holding approximately 23% of the outstanding Common Shares, to give effect to a recapitalization transaction (the "**Recapitalization Transaction**") as described below.

The CBCA is a Canadian corporate statute that, among other things, allows corporations to restructure certain debt obligations. In most cases, a corporation working through a CBCA process will be able to complete a recapitalization transaction in a more efficient manner based on time, cost and other key factors. The CBCA is not a bankruptcy or insolvency statute. All trade debt and obligations of the Company to employees, customers, suppliers and service providers shall be unaffected and shall be paid or satisfied in the normal course of business.

## Preliminary Interim Order

The Preliminary Interim Order authorizes the Calfrac Applicants to apply to the Court to seek a further order under the CBCA Proceedings (the "**Interim Order Application**"), which would permit the Calfrac Applicants to call, hold and conduct the required special meetings (the "**Special Meetings**") of its affected stakeholders to consider and vote on a plan of arrangement to give effect to the Recapitalization Transaction (the "**Arrangement**"). In addition, the Preliminary Interim Order grants a stay of proceedings in favour of Calfrac and its subsidiaries in respect of any defaults that may result from Calfrac's decision to initiate the CBCA Proceedings, or arising in connection with Calfrac's previously announced election to defer the cash interest payment due on June 15, 2020, in respect of its outstanding Unsecured Notes, which were issued pursuant to an indenture dated May 30, 2018.

## Recapitalization Transaction

Pursuant to the Recapitalization Transaction:

- Each holder of Unsecured Notes will receive newly issued Common Shares representing its pro rata share (based on the face value of the Unsecured Notes) of 86% of the pro forma issued and outstanding Common Shares in consideration for the exchange and transfer of the Unsecured Notes.
- Holders of Unsecured Notes who provide voting instructions to vote in favour of the Plan on or prior to a specified early consent date (which will be set pursuant to Court order) will receive additional newly issued Common Shares representing its pro rata share (based on face value of the Unsecured Notes) of 6% of the pro forma issued and outstanding Common Shares.
- The existing holders of Common Shares shall retain their Common Shares, subject to dilution based on the Common Shares issued to holders of Unsecured Notes. The existing holders of Common Shares will hold 8% of the pro forma issued and outstanding Common Shares following completion of the Arrangement.

- In connection with the Recapitalization Transaction, Calfrac will conduct a new money offering of new senior secured convertible 10% PIK notes (the "**1.5 Lien Notes**"), in an aggregate principal amount of $60 million (the "**New 1.5 Lien Offering**" or the "**Offering**"), as further described below. The proceeds of the New 1.5 Lien Offering will initially refinance indebtedness outstanding under the Company's credit facilities, creating additional liquidity. This liquidity will fund: working capital requirements as the Company's business improves in North America, from historic lows, maintenance capital for the Company's worldwide operating fleet, interest payments on the Company's debt obligations; and the payment of transaction costs associated with the Recapitalization Transaction. Completion of the Offering is contingent upon completion of the Recapitalization Transaction. The New 1.5 Lien Offering will be backstopped by the Initial Commitment Parties (as defined below) and the percentages of outstanding Common Shares above are subject to further dilution as a result of Common Shares to be issued in payment of the applicable backstop fee.
- Calfrac will be seeking any necessary amendments or waivers of its credit facilities as may be required to facilitate the Recapitalization Transaction. The lenders under Calfrac's credit facilities have waived any event of default that may result under such credit facilities as a result of the CBCA Proceedings.
- Holders of 10.875% second lien secured notes of Calfrac Holdings LP due 2026 (the "**Second Lien Notes**"), in their capacity as such holders, will be unaffected by the implementation of the Recapitalization Transaction.
- All trade debt and obligations of the Company to employees, customers, suppliers and service providers shall be unaffected by the Recapitalization Transaction and shall continue to be paid or satisfied in the ordinary course of business.
- As a result of the completion of the Recapitalization Transaction and the Offering, total debt will be reduced by approximately $570 million and annual cash interest expenses will be reduced by approximately $52 million.
- Following completion of the Recapitalization Transaction, there will be approximately 1,877 million Common Shares issued and outstanding (4,128 million Common Shares on a cumulative basis after giving effect to the issuance of the Common Shares issuable on conversion of the 1.5 Lien Notes, assuming conversion on the closing date of the Recapitalization Transaction).

Completion of the Recapitalization Transaction will be subject to, among other things, completion of the Offering, approval of the transaction by the affected security holders of Calfrac; other approvals that may be required by the Court, the approval of the Toronto Stock Exchange; and the receipt of all necessary regulatory approvals. In connection with the Recapitalization Transaction, the Company intends to continue under the CBCA.

**Offering of 1.5 Lien Notes**

In connection with the Recapitalization Transaction, Calfrac will conduct an offering of the 1.5 Lien Notes, in an aggregate principal amount of $60 million. The 1.5 Lien Notes will be issued to: (i) G2S2 Capital Inc., or an affiliate thereof ("**G2S2**") as to approximately $18 million of 1.5 Lien Notes; (ii) members of a supporting ad hoc committee of noteholders (the "**Ad Hoc Committee**") as to approximately $14 million of 1.5 Lien Notes; and (iii) MATCO Investments Ltd. ("**MATCO**") as to approximately $13 million of 1.5 Lien Notes (collectively, the "**Initial Commitment Parties**"), provided that the Company may allocate up to $6 million of such amounts (together with the associated backstop commitment) to other holders of Unsecured Notes on or before July 31, 2020 (together with the "**Initial Commitment Parties**", the "**Commitment Parties**"), which shall reduce the foregoing amounts pro rata. In addition, an additional aggregate of $15 million of 1.5 Lien Notes will be reserved for other holders of Unsecured Notes (subject to certain qualifying criteria). Each Commitment Party (other than G2S2 and MATCO) will subscribe for and backstop any portion of the $15 million of 1.5 Lien Notes reserved for other holders of Unsecured Notes on a pro rata basis and G2S2 as to the remaining amount. The Commitment Parties shall be entitled to an aggregate fee of $1.5 million in respect of such backstopped amount, payable in Common Shares following the

conversion of the Unsecured Notes to Common Shares pursuant to the Recapitalization Transaction. G2S2 and the members of the Ad Hoc Committee have entered into support agreements with the Company.

The 1.5 Lien Notes will include the following terms:

- A term to maturity of three years from closing. The Company will have no right of redemption.
- The New 1.5 Lien Notes will bear interest at a rate of 10% per annum payable in cash semi-annually on March 15 and September 15 of each year (commencing on September 15, 2020, each, an "**Interest Payment Date**"). On each Interest Payment Date, the Company may elect to defer and pay in kind any interest accrued as of such Interest Payment Date by increasing the unpaid principal amount of the New 1.5 Lien Notes as at such date (each, a "**PIK Interest Payment**"), which PIK Interest Payment shall be allocated pro rata to all New 1.5 Lien Noteholders. Following each such increase in the principal amount of the New 1.5 Lien Notes as a result of any PIK Interest Payment, the New 1.5 Lien Notes will bear interest on such increased principal amount from and after the date of each such PIK Interest Payment. Upon repayment of the New 1.5 Lien Notes, any interest which has accrued thereon but has not been capitalized as set forth above shall be paid in cash. Upon and following the occurrence of an event of default that is continuing, the New 1.5 Lien Obligations shall bear interest at a rate equal to 2% above the applicable rate.
- The obligations in respect of the 1.5 Lien Notes will be fully and unconditionally guaranteed, jointly and severally, on a senior secured basis (the "**1.5 Priority Lien**") by the Obligors, and shall be secured over not less than all of the present and future existing collateral securing the Company's first lien credit facility and the Second Lien Notes. The 1.5 Priority Lien will form part of the Company's senior secured obligations and will rank: (a) senior to all of the Company's future obligations, unsecured obligations and the obligations of the Company in respect of the Second Lien Notes; and (b) junior to the obligations under the Company's credit agreement.
- The 1.5 Lien Notes will be convertible at the holder's option into Common Shares at any time prior to maturity at a conversion price of $0.0266 per Common Share (prior to giving effect to a share consolidation contemplated by the Recapitalization Transaction (the "**Conversion Price**"). The Conversion Price shall be subject to standard anti-dilution adjustments upon, among other things, share consolidations, share splits, spin-off events, rights issues, reorganizations and for certain dividends or distributions to holders of Common Shares.
- Upon the occurrence of certain changes of control, the Company will be required to offer to repurchase all outstanding 1.5 Lien Notes at a purchase price equal to 101% of the aggregate principal amount of the 1.5 Lien Note unpaid interest, if any, to the date of repurchase.
- The 1.5 Lien Notes will contain customary events of default.
- The 1.5 Lien Notes will contain customary covenants, representations and warranties for a senior secured note issuance. Pursuant to the 1.5 Lien Note indenture, the Company shall be required to obtain approval of holders of 1.5 Lien Notes holding not less than 66⅔% of aggregate principal amount of 1.5 Lien Notes (the "**Consenting 1.5 Lien Noteholders**") for certain fundamental events, including certain incurrences of debt; amendment of constating documents; the alteration of the Company's share capital; the increase of the size of the board of directors of the Company (the "**Board**") from seven (7) members; the making of change of control payments to directors, officers or employees resulting from with the Recapitalization Transaction; and entering into agreements which materially restrict the ability of the Company to conduct business.
- The Board will consist of seven (7) members. For so long as each of G2S2,the Ad Hoc Committee and MATCO, including their respective affiliates, shall own at least 50% of their respective initial 1.5 Lien Notes, they shall each have the right to nominate one (1) director to the Board.
- If one or more director nominees of the holders of 1.5 Lien Notes fails to be elected as a director, such nominee shall be designated an observer to the Board, and the Company shall be required to obtain approval of the Consenting 1.5 Lien Noteholders in respect of certain

additional matters, including; purchases, sales or leases in excess of $25 million; or entering into related party transactions in excess of $0.5 million.
- The Initial Commitment Parties will be granted certain pre-emptive rights in connection with offerings of equity or debt securities by the Company.

Completion of the Offering is subject to, among other things, completion of the Recapitalization Transaction; the approval of the Toronto Stock Exchange and any shareholder approval required pursuant thereto; the approval of a majority of a minority of shareholders as required under Multilateral Instrument 61-101 ("**MI 61-101**"); and the receipt of all necessary regulatory approvals. Pursuant to MI 61-101, the Company intends to rely upon the exemption from the requirement to prepare a formal valuation in connection with the issuance of 1.5 Lien Notes to MATCO, as a related party of the Company, pursuant to the exemption contained in section 5.5(g) of MI 61-101. In connection therewith, the independent directors of the Board for such purpose, consisting of Gregory S. Fletcher, James S. Blair, Kevin R. Baker and Douglas R. Ramsay (the "**Independent Directors**") have determined unanimously that the Company is in serious financial difficulty, the Offering is designed to improve the financial position of the Company, and the terms of the Offering are reasonable in the circumstances of the Company. The Board has also made these determinations.

The transaction term sheets in respect of the Recapitalization Transaction, the forms of support agreement and the forms of consent agreements (in each case subject to redactions for certain confidential and/or commercially sensitive information contained in such agreements) will be filed on SEDAR under Calfrac's profile (www.sedar.com) and Calfrac's website (www.calfrac.com). Additional information in connection with the implementation of the Recapitalization Transaction, including with respect to CBCA Proceedings, will also be made publicly available by the Company.

**Additional Information About the Recapitalization Transaction**

Calfrac, with the assistance of the Company's legal and financial advisors, and in consultation with key stakeholders, conducted a review of potential alternatives available to the Company to address its outstanding debt, improve liquidity and strengthen its overall financial position. The Company has carefully reviewed and considered, among other things, its overall capital structure and financial condition, its debt levels and cash interest payments, the Company's previously announced decision to defer the June 15, 2020 interest payment on the Unsecured Notes, challenging industry conditions and the effects of the ongoing COVID-19 pandemic, and weakened commodity prices. In connection with this evaluation, the Company views the proposed Recapitalization Transaction and the Offering as achieving the Company's goals of improving its capital structure and liquidity.

Peters & Co. Limited ("**Peters & Co.**"), an independent financial advisor to the Board, has provided opinions to the Board that: (i) the holders of Unsecured Notes and the existing holders of Common Shares would be in a better financial position, respectively, under the Recapitalization Transaction than if the Company were liquidated; and (ii) the Recapitalization Transaction is fair, from a financial point of view, to the Company.

Following the Company's review and consultation process, and after careful consideration and based on a number of factors, including the opinions of Peters & Co., legal advice from the Company's counsel, financial advice from the Company's financial advisors, the facts and circumstances facing the Company, the terms of the Recapitalization Transaction and the Offering, the Board unanimously determined that the Recapitalization Transaction is in the best interests of the Company, and unanimously recommends that holders of Unsecured Notes and Common Shares support and vote in favour of the Recapitalization Transaction.

Tudor, Pickering & Holt & Co. / Perella Weinberg Partners LP and RBC Capital Markets are acting as financial advisors to the Company, and Bennett Jones LLP and Latham & Watkins LLP are acting as legal counsel. Goodmans LLP is legal counsel to the Ad Hoc Committee.

## Update Concerning Wilks Brothers

In the course of the CBCA Proceedings, Calfrac disclosed previously non-public information concerning prior discussions and correspondence with Wilks Brothers, LLC and its related parties (collectively, "**Wilks Brothers**"). Wilks Brothers holds approximately 19.78% of the common shares of Calfrac and, according to regulatory filings by it, over 50% of the Second Lien Notes. Wilks Brothers also owns ProFrac Services Ltd., a competitor of Calfrac in the U.S.; and has other publicly disclosed investments in oilfield services companies, some of which are also competitors of Calfrac.

The documents filed as part of the CBCA Proceedings disclosed the fact that Wilks Brothers submitted unsolicited, non-binding proposals to Calfrac on June 22 and June 29, 2020, respectively. Both proposals described prospective transactions whereby Wilks Brothers would acquire Calfrac's U.S. business in exchange for the Second Lien Notes of Calfrac held by Wilks Brothers at each of the relevant dates, and cash.

After reviewing the proposed transaction terms with its financial advisors, Calfrac firmly declined both proposals for two principal reasons. Most importantly, the consideration offered by Wilks Brothers significantly undervalued Calfrac's U.S. business, a division that represents more than two-thirds of Calfrac's global enterprise.

Further, neither Wilks Brothers proposal was considered by Calfrac's board of directors to be practical or executable. The Wilks Brothers' proposals sought to leave the first-lien, senior creditors of Calfrac with less than one-third of the collateral that they currently hold, with no debt reduction. In addition, a vastly disproportionate amount of debt was proposed to be left owing by Calfrac, after the proposed transaction, relative to what was suggested by Wilks Brothers to become Calfrac's remaining assets, collateral and operations.

Calfrac also disclosed in the materials filed for the CBCA Proceedings that Wilks Brothers has been a significant shareholder of Calfrac since at least 2016, and had self-identified in September of 2017 as an activist investor in Calfrac, who "may seek to effect material changes in [Calfrac's] business or corporate structure".

As disclosed in Calfrac's press release dated May 7, 2019, in a decision released on that date the Alberta Court of Queen's Bench granted Calfrac's summary judgment application and ruled that Wilks Brothers had breached its confidentiality agreement with Calfrac and dismissed Wilks Brothers motion for summary judgment. Calfrac's action is continuing in relation to damages issues.

Calfrac has confirmed as part of the CBCA Proceedings that it does not believe that separating Calfrac's U.S. business from the balance of the Company would be in the best interests of all stakeholders, particularly at below fair market value, and the significant amount of debt that would remain with Calfrac post the transaction as had been proposed by Wilks Brothers.

## Financial Update

In connection with obtaining the Preliminary Interim Order, and the Company's ongoing negotiations concerning a Recapitalization Transaction, the Company is providing an update concerning its available debt capacity, as well as forecasts concerning certain financial measures.

Tables 1 illustrates the Company's current secured debt capacity as of April 30, 2020. As at April 30, 2020, the Company's actual cash balance was $51.4 million.

### Table 1: Secured Debt Capacity *(C$ in millions)*

| Secured Debt Capacity | |
|---|---|
| **Based on Fixed Baskets** | |
| Credit Facilities Starter Basket | $375 |
| General Liens Basket | $84 |

| | |
|---|---|
| **Total Secured Debt Capacity** | **$459** |
| Less: Credit Facility Drawn | ($173) |
| **Available Lien Capacity** | **$286** |
| Less: Second Lien Notes Outstanding | ($167) |
| **Net Available Secured Debt Capacity** | **$119** |

Table 2 illustrates the Company's historical and forecast financial performance as of April 30, 2020.

**Table 2: Historical and Forecast Financial Performance** *(C$ in millions)*

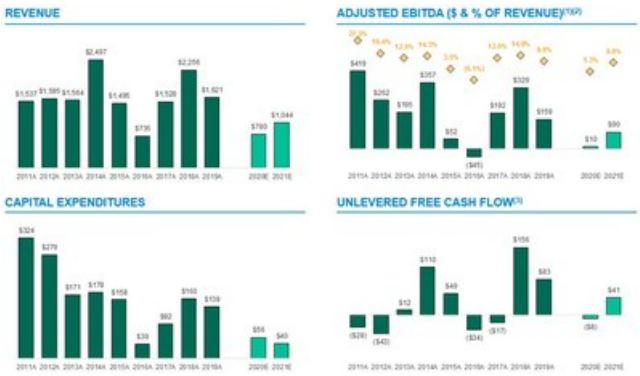


Table 2: Historical and Forecast Financial Performance (C$ in millions) (CNW Group/Calfrac Well Services Ltd.)

(1) 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.
(2) With the adoption of IFRS 16, the accounting treatment for operating leases when Calfrac is the lessee, changed effective January 1, 2019. Calfrac adopted IFRS 16 using the modified retrospective approach and the comparative information was not restated. As a result, the Company's 2019 Adjusted EBITDA is not comparable to periods prior to January 1, 2019. For the year ended December 31, 2019, Adjusted EBITDA excludes $21.9 million of lease payments that would have been recorded as an operating expense prior to the adoption of IFRS 16. Estimated Adjusted EBITDA for 2020 and 2021 includes the impact of lease obligation principal repayments under IFRS 16.
(3) Unlevered free cash flow 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 less capital expenditures and changes in items of working capital.

Certain measures presented in this press release, including Adjusted EBITDA and unlevered free cash flow, do not have any standardized meaning under IFRS and, because IFRS have been incorporated as Canadian generally accepted accounting principles (GAAP), these supplementary measures are also non-GAAP measures. These measures have been described and presented in order to provide additional information regarding the Company's forecasts, liquidity and ability to generate funds to finance its operations. These measures may not be comparable to similar measures presented by other entities, and are explained below.

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.

Unlevered free cash flow 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 less capital expenditures and changes in items of working capital. Unlevered free cash flow is presented because it gives an indication of the Company's liquidity prior to consideration of how its activities are financed and the impact of foreign exchange, taxation and depreciation and amortization charges.

Adjusted EBITDA and unlevered free cash flow for the actual periods noted below are calculated as follows:

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|
| *(C$000s)* | | | | | | | | | |
| *(Unaudited)* | | | | | | | | | |
| Net income (loss) | 187,157 | 96,361 | 26,733 | 67,502 | (227,426) | (203,557) | 586 | (26,177) | (156,203) |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Add back (deduct): | | | | | | | | | |
| Depreciation | 87,457 | 90,381 | 110,006 | 139,395 | 156,638 | 152,822 | 130,793 | 190,475 | 261,227 |
| Unrealized foreign exchange (gain) loss | 11,945 | (10,895) | 1,350 | 17,660 | 42,592 | 22,490 | 34,646 | 11,465 | 2,041 |
| Non-recurring realized foreign exchange losses | - | - | - | - | - | - | - | 29,288 | - |
| Loss (gain) on disposal of property, plant and equipment | (88) | 802 | (1,514) | 1,577 | (2,257) | (491) | 13,039 | 160 | 1,870 |
| Business combination | - | - | 2,474 | - | (30,987) | - | - | - | - |
| Impairment (reversal) of property, plant and equipment | - | - | - | 4,620 | 114,479 | - | (76,296) | 115 | 2,165 |
| Impairment of inventory | - | - | - | - | 14,333 | 3,225 | - | 7,167 | 3,744 |
| Impairment of goodwill | - | - | - | 979 | 9,544 | - | - | - | - |
| Provision for settlement of litigation | - | - | - | 4,640 | 3,165 | - | (139) | - | - |
| Restructuring charges | - | - | - | 7,907 | 13,533 | 7,892 | 1,131 | 1,076 | 6,049 |
| Losses attributable to non-controlling interest | 294 | 785 | 1,181 | 547 | 491 | 30 | 5,353 | 7,989 | - |
| Stock-based compensation | 8,500 | 6,990 | 5,454 | 4,138 | 3,082 | 2,361 | 4,985 | 5,812 | 4,626 |
| Interest | 35,489 | 36,354 | 41,985 | 59,584 | 68,967 | 80,110 | 85,450 | 106,630 | 85,826 |
| Income taxes | 88,579 | 41,375 | 7,209 | 48,746 | (114,097) | (109,632) | (7,725) | (4,592) | (52,226) |
| **Adjusted EBITDA[(1)]** | **419,333** | **262,153** | **194,878** | **357,295** | **52,057** | **(44,750)** | **191,823** | **329,408** | **159,119** |
| Deduct: | | | | | | | | | |
| Capital expenditures | (323,962) | (279,017) | (170,517) | (177,585) | (157,934) | (38,707) | (91,933) | (159,764) | (139,305) |
| Add back (deduct): | | | | | | | | | |
| Changes in items of working capital | (122,972) | (25,788) | (12,842) | (69,245) | 154,691 | 49,906 | (117,188) | (13,638) | 62,696 |
| **Unlevered free cash flow** | **(27,601)** | **(42,652)** | **11,519** | **110,465** | **48,814** | **(33,551)** | **(17,298)** | **156,006** | **82,510** |

(1) With the adoption of IFRS 16, the accounting treatment for operating leases when Calfrac is the lessee, changed effective January 1, 2019. Calfrac adopted IFRS 16 using the modified retrospective approach and the comparative information was not restated. As a result, the Company's 2019 Adjusted EBITDA is not comparable to periods prior to January 1, 2019. For the year ended December 31, 2019, Adjusted EBITDA excludes $21,893,000 of lease payments that would have been recorded as an operating expense prior to the adoption of IFRS 16.

A specific reconciliation of forecast Adjusted EBITDA and unlevered free cash flow to net income or loss is not possible as the applicable GAAP measures have not been determined.

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, Argentina and Russia.

All references to "$" are to Canadian dollars, unless otherwise indicated.

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 completion of the proposed Recapitalization Transaction and the Offering, including expected reductions in total debt and cash interest expenses, and the Company's intentions and expectations, including forecasted financial results.

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 Recapitalization Transaction and the Offering will be completed as proposed, 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: Calfrac's ability to continue to manage the effect of the COVID-19 pandemic on its operations; default under the Company's credit facilities and/or the Company's senior notes due to a breach of covenants therein; failure to reach any additional agreements with the Company's lenders; the impact of events of defaults in respect of other material contracts of the Company, including but not limited to, cross-defaults resulting in acceleration of amounts payable thereunder or the termination of such agreements; failure of existing shareholders and holders of Unsecured Notes to vote in favour of the Recapitalization Transaction; failure to receive any applicable regulatory approvals in respect of the Recapitalization Transaction or the Offering, global economic conditions; along with those risk and uncertainties identified under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 10, 2020 and filed on SEDAR at www.sedar.com.

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. This press release is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent an exemption from registration under the Securities Act of 1933.

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**For further information:** Scott Treadwell, Vice President, Capital Markets and Strategy, Telephone: (403) 266-6000, Fax: (403) 266-7381

CO: Calfrac Well Services Ltd.

CNW 08:05e 14-JUL-20

THIS IS EXHIBIT "B"
Referred to in the Affidavit of
Sherry Nadeau
Sworn before me this 23 day of September A.D. 2020.
A Commissioner for Oaths in and for Alberta

Robert Hamilton
Barrister & Solicitor

**NOTICE OF MEETING OF HOLDERS OF**
**8.50% SENIOR UNSECURED NOTES DUE 2026 OF CALFRAC HOLDINGS LP**

**AND**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF**
**CALFRAC WELL SERVICES LTD.**

**MANAGEMENT INFORMATION CIRCULAR**

**with respect to, among other things, a proposed**

**PLAN OF ARRANGEMENT**

**and**

**RECAPITALIZATION TRANSACTION**

**August 17, 2020**

**These materials are important and require your immediate attention. They require shareholders of Calfrac Well Services Ltd. and certain affected noteholders of Calfrac Holdings LP to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal, tax or other professional advisors. If you have any questions or require additional information with regard to the voting of your senior unsecured notes or shares, please contact our Proxy, Information and Exchange Agent, Kingsdale Advisors, by: (i) telephone, toll-free in North America at 1-877-659-1822 or collect call outside North America at 1-416-867-2272; or (ii) e-mail to contactus@kingsdaleadvisors.com.**

August 17, 2020

To the holders of: 8.50% Senior Unsecured Notes due 2026 ("**Senior Unsecured Notes**") of Calfrac Holdings LP ("**Calfrac LP**")

And to the holders of: Common Shares ("**Common Shares**") of Calfrac Well Services Ltd. ("**Calfrac**" or the "**Company**")

Dear Securityholders:

We are writing to outline a series of transactions that have the objective of reducing Calfrac's debt levels and cash interest payments, and strengthening Calfrac's overall financial position. We very much regret that the proposed transactions (collectively, the "**Recapitalization Transaction**") have become a necessity for Calfrac. The immediate causes are well-known: the COVID-19 pandemic; an oil price war during 2020, initiated by several OPEC+ countries, including Saudi Arabia and Russia; precipitous declines in oil and natural gas prices; and, very importantly for Calfrac, dramatically lower customer demand for the oilfield services provided by the Company and its competitors.

These challenges have arisen at a time where Calfrac has more indebtedness than is desirable, notwithstanding its prior efforts to reduce debt. Calfrac's capital structure and liquidity position is no longer sustainable in light of the Company's operating income, and there is now insufficient financial flexibility for Calfrac and its affiliates to advance their businesses effectively going forward.

In particular, through the Recapitalization Transaction, the Company seeks to reduce its outstanding indebtedness and the corresponding interest expense. The details of the Recapitalization Transaction are all more fully explained in the accompanying management information circular (the "**Circular**"). The Company's board of directors (the "**Board**"), with the assistance of its legal and financial advisors, has engaged in extended and detailed discussions, negotiations and due diligence efforts, including with the holders of Senior Unsecured Notes ("**Senior Unsecured Noteholders**"), to be able to bring forward this Recapitalization Transaction. The Company has also engaged in regular discussions with its senior bank lenders (the "**First Lien Lenders**") with respect to advancing the Recapitalization Transaction.

**The Recapitalization Transaction is a fair and negotiated solution to Calfrac's need to reduce debt and improve liquidity. It recognizes and balances the rights and interests of the respective securityholders. Subject to receiving the approval of the holders of Common Shares ("Shareholders") at the meeting of Shareholders on September 17, 2020, the Recapitalization Transaction is also, importantly, a solution that is capable of being implemented.**

**The Recapitalization Transaction is the only transaction being voted upon, notwithstanding other contrary assertions in the media and the markets, as is further explained below.**

**As a result, the Board unanimously recommends that Senior Unsecured Noteholders and Shareholders support and VOTE FOR the Recapitalization Transaction.**

To date, the Recapitalization Transaction is supported by holders of approximately 78% of the Senior Unsecured Notes and approximately 23% of the Common Shares. These parties have entered into support agreements with the Company and have agreed, among other things and subject to the terms of such agreements, to vote in favour of the Recapitalization Transaction.

Calfrac's financial advisors, Tudor, Pickering, Holt & Co. / Perella Weinberg Partners ("**TPH**") and RBC Capital Markets Inc. ("**RBC**"), have assisted the Company in reviewing, evaluating and pursuing a number of potential

recapitalization and deleveraging alternatives available to the Company before proceeding with the Recapitalization Transaction. Peters & Co. Limited ("**Peters & Co.**"), an independent financial advisor to the Board, has also provided opinions to the Board that: (a) the Senior Unsecured Noteholders and the Shareholders would be in a better financial position under the Recapitalization Transaction than if the Company were liquidated; and (b) the Recapitalization Transaction is fair, from a financial point of view, to the Company (collectively, the "**Opinions**"). Copies of the Opinions are appended as Appendix "J" to the accompanying Circular.

**The Company cautions its securityholders that, should the Recapitalization Transaction not be approved by the Senior Unsecured Noteholders and the Shareholders, in the absence of any transaction that is capable of receiving broad support throughout the Company's capital structure, the Company may be required to consider or proceed with one or more alternative transactions that result in a reduced recovery to Senior Unsecured Noteholders, and potentially no recovery to Shareholders**.

The Recapitalization Transaction is to be implemented by way of an arrangement (the "**Arrangement**") pursuant to section 192 of the *Canada Business Corporations Act* (the "**CBCA**"), as more particularly set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as Appendix "H" to the Circular and as further described therein. The Recapitalization Transaction contemplates, among other things, the following key elements:

(a) the continuance of Calfrac into the federal jurisdiction of Canada under the CBCA (the "**Continuance**");

(b) the exchange of Senior Unsecured Notes for Common Shares (the "**Senior Unsecured Note Exchange**"), such that: (i) Senior Unsecured Noteholders will receive their pro rata share (based on the face value of the Senior Unsecured Notes) of 86% of the Common Shares outstanding immediately following implementation of the Recapitalization Transaction; and (ii) as early consent consideration for supporting the Recapitalization Transaction and in addition to any Common Shares received by an Early Consenting Noteholder (as defined in the Circular) pursuant to (i) above, Early Consenting Noteholders will receive their pro rata share (based on the face value of their Senior Unsecured Notes) of 6% of the Common Shares outstanding immediately following implementation of the Recapitalization Transaction, in each case on a non-diluted basis and excluding the Commitment Consideration Shares (as defined below), in full and final settlement of the obligations under the Senior Unsecured Notes;

(c) all Shareholders retaining their Common Shares, subject to a share consolidation of the Common Shares of the Company (the "**Share Consolidation**") on the basis of one newly issued Common Share for every fifty (50) existing Common Shares, such that the current Shareholders will own 8% of the Common Shares outstanding immediately following implementation of the Recapitalization Transaction, on a non-diluted basis and excluding the Commitment Consideration Shares;

(d) an offering of $60 million in principal amount of new 10% senior secured convertible payment-in-kind notes of Calfrac (the "**New 1.5 Lien Notes**"):

  (i) as to $45 million, made to G2S2 Capital Inc. (or an affiliate thereof), MATCO Investments Ltd., members of an ad hoc committee of Senior Unsecured Noteholders (the "**Ad Hoc Committee**") and certain other eligible Senior Unsecured Noteholders (collectively, the "**Commitment Parties**"); and

  (ii) as to $15 million, made available to all eligible Senior Unsecured Noteholders, fully backstopped by the Commitment Parties, in consideration for the issuance of Common Shares with a value equal to $1.5 million to such Commitment Parties (the "**Commitment Consideration Shares**");

(e) subject to approval of the First Lien Lenders and the Court, the Company seeking to amend the First Lien Credit Agreement to, among other things, provide relief in respect of the funded debt to

EBITDA covenant, reduce the size of the credit facilities available and make such other amendments and waivers as necessary to permit the Recapitalization Transaction;

(f) the Company continuing to satisfy its obligations to employees, suppliers, customers and governmental authorities in the ordinary course of business;

(g) the cancellation of existing Options for no consideration, and the vesting and payment of all Equity-Based PSUs, together with the termination of Calfrac's existing PSU Plan and all underlying PSUs; and

(h) the adoption of an Omnibus Incentive Plan for Calfrac, concurrently with the completion of the transactions contemplated by the Plan of Arrangement.

Senior Unsecured Noteholders as of the Record Date (as defined in the Circular) will be asked to approve the Plan of Arrangement at the Senior Unsecured Noteholders' Meeting scheduled to be held at 1:00 p.m. (Calgary time) on September 17, 2020 (the "**Senior Unsecured Noteholders' Meeting**"). Shareholders as of the Record Date will be asked to approve the Continuance, the Plan of Arrangement and other meeting matters at the Shareholders' Meeting to be held at 2:00 p.m. (Calgary time) on September 17, 2020 (the "**Shareholders' Meeting**", together with the Senior Unsecured Noteholders' Meeting, collectively the "**Meetings**" and each, a "**Meeting**"). These Meetings will be held in the McMurray Room at the Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta.

You may have become aware that a direct competitor of Calfrac, Wilks Brothers, LLC ("**Wilks Brothers**"), has recently acquired Second Lien Notes (as defined in the Circular) and Senior Unsecured Notes, and remains the holder of 19.78% of Common Shares. The multi-year history between Wilks Brothers and Calfrac, which is described in more detail in the Circular, includes: (a) the material breach of a confidentiality agreement by Wilks Brothers during 2018 and subsequent ruling by the Court of Queen's Bench of Alberta (the "**Court**") in favour of Calfrac; (b) a series of predatory, financially unacceptable offers by Wilks Brothers to acquire Calfrac's U.S. business; (c) continued, aggressive opposition to the Company's restructuring efforts in the Courts; and (d) multiple efforts to force Calfrac into Chapter 11 bankruptcy proceedings in the United States and similar insolvency proceedings in Canada. After ultimately declining to engage consensually with Calfrac, and subsequent to Calfrac entering into the agreements to effect the Recapitalization Transaction and announcing same, Wilks Brothers then publicly proposed an alternative recapitalization transaction (the "**Wilks Brothers Proposal**").

Under the Wilks Brothers Proposal, Wilks Brothers would effectively control Calfrac through its resulting majority equity position, while at the same time owning 100% of an entity directly competing with Calfrac, which may limit future opportunities of Calfrac and its stakeholders. Furthermore, the Wilks Brothers Proposal is essentially an opportunistically late, thinly-veiled change of control transaction proposed by a direct competitor of Calfrac who has exhibited questionable motives, and which offers no change of control or "takeover" premium to Shareholders. Importantly, the consummation of the Recapitalization Transaction would not prohibit Calfrac from subsequently executing a consensual change of control or other transactions with any third party.

A special committee comprised of independent directors of Calfrac has determined, with the input and advice of its independent legal counsel and financial advisors, that the Wilks Brothers Proposal is not a "Superior Proposal", as defined in the relevant agreements. In particular, the special committee noted that the Wilks Brothers Proposal could not reasonably be expected to result in a transaction more favourable to the Company and its stakeholders. As part of such determination, in addition to other factors considered, the special committee concluded that the Wilks Brothers Proposal lacks the required level of support from Senior Unsecured Noteholders to be successfully implemented.

As a result, the Recapitalization Transaction described in the Circular remains the only available alternative to very adverse outcomes for Calfrac that will otherwise potentially occur.

Due to the current and continually evolving COVID-19 pandemic, the Company encourages its Senior Unsecured Noteholders and Shareholders to consider the advice and instructions of the Public Health Agency of Canada (www.canada.ca/en/public-health.html) and Alberta Health Services (www.albertahealthservices.ca) when deciding whether to attend the Meetings in person. Given the fundamental nature of the Recapitalization Transaction and the

Meetings, the Company determined that the Meetings should be held in person, however, access to the Meetings will be limited to essential personnel and registered Shareholders, Senior Unsecured Noteholders and duly appointed proxyholders entitled to attend and vote at the Meetings. The Company encourages registered Shareholders, Senior Unsecured Noteholders and duly appointed proxyholders to not attend the Meetings in person, particularly if they are experiencing any of the described COVID-19 symptoms. The Company encourages Shareholders and Senior Unsecured Noteholders to vote their respective Common Shares and Senior Unsecured Notes prior to the Meetings following the instructions set out in the form of proxy, voting instruction form and/or voting information and election form, as applicable, received by such Shareholders and Senior Unsecured Noteholders, and further described in this Circular.

The Company may take additional precautionary measures in relation to the Meetings in response to further developments with the COVID-19 pandemic. In the event it is not possible or advisable to hold the Meetings in person, the Company will announce alternative arrangements for the Meetings as promptly as practicable, which may include holding the Meetings entirely by electronic means, telephone or other communication facilities. Please monitor our website at www.calfrac.com for updated information.

The Company will be providing a live webcast of the Meetings. Shareholders and Senior Unsecured Noteholders not attending the Meetings in person are encouraged to listen to the webcast. However, neither the Shareholders nor the Senior Unsecured Noteholders will be able to vote through the webcast or otherwise participate in the Meetings. A link to the webcast will be available on the Company's website at www.calfrac.com.

**The Board of Calfrac urges you to give serious attention to the Recapitalization Transaction and to VOTE FOR the Recapitalization Transaction** at the applicable Meeting(s), each Meeting to be held on September 17, 2020 in the McMurray Room at the Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta. We encourage you to vote on the matters set out in the Circular by following the voting instructions set out therein by the applicable deadline.

Most importantly, we thank you for your favourable consideration and your continued support of Calfrac. We are all hopeful of better days ahead.

Yours very truly,

(Signed) "*Gregory S. Fletcher*"

Gregory S. Fletcher
Lead Director

**This material is important and requires your immediate attention. The transactions contemplated in the Recapitalization Transaction are complex. The accompanying Circular contains a description of, and a copy of, the Plan of Arrangement and other information concerning Calfrac to assist you in considering this matter. You are urged to review this information carefully. Should you have any questions or require assistance in understanding and evaluating how you will be affected by the proposed Recapitalization Transaction, please consult your legal, tax or other professional advisors.**

**If you are in doubt as to how to make such decisions please contact your financial, legal, tax or other professional advisors. If you have any questions or require additional information with regard to the voting of your Senior Unsecured Notes or Common Shares, please contact Kingsdale Advisors, by: (i) telephone, toll-free in North America at 1-877-659-1822 or collect call outside North America at 1-416-867-2272; or (ii) e-mail to contactus@kingsdaleadvisors.com.**

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**APPENDICES**

## QUESTIONS AND ANSWERS

***The following highlights selected information from the accompanying management information circular (the "Circular") to help you understand the Arrangement, the Recapitalization Transaction, the Pro Rata Offering and matters involving Wilks Brothers, LLC. Please read the Circular carefully in its entirety to understand the terms of the Recapitalization Transaction as well as any tax and other considerations that may be important to you in deciding whether to approve the Arrangement and certain related matters. Capitalized terms used below will have the meanings given to them in the accompanying Circular. Except where otherwise indicated, all dollar amounts set forth below are in Canadian Dollars.***

## QUESTIONS AND ANSWERS ON THE RECAPITALIZATION

***What is the Recapitalization Transaction?***

The Recapitalization Transaction is a series of transactions involving Calfrac, certain of its affiliates and the holders of Senior Unsecured Notes that were issued by its affiliate, Calfrac Holdings LP, which is designed to reduce the Company's debt levels and annual interest expense, while adding liquidity and strengthening the Company's overall financial position. The Recapitalization Transaction will be implemented by way of the Plan of Arrangement under the *Canada Business Corporations Act,* as further described in the Circular.

As of August 17, 2020, the Recapitalization Transaction is supported by holders of approximately 78% of the Senior Unsecured Notes and approximately 23% of the Common Shares.

***What am I voting on?***

Shareholders are being asked to vote on:

(a) the continuance of Calfrac from the jurisdiction of Alberta into the jurisdiction of Canada in order to implement the Arrangement pursuant to the CBCA;

(b) the Plan of Arrangement under section 192 of the CBCA, pursuant to which the following key steps, among others, shall occur:

  (i) all Senior Unsecured Notes will be exchanged for approximately 92% of the Common Shares outstanding following the implementation of the Recapitalization Transaction, with all Senior Unsecured Noteholders receiving their pro rata share of approximately 86% of the Common Shares, and those Senior Unsecured Noteholders who constitute Early Consenting Noteholders receiving their pro rata share of approximately 6% of the Common Shares;

  (ii) all Shareholders will retain their Common Shares, subject to a 50-to-1 Share Consolidation, such that the current Shareholders will own approximately 8% of the Common Shares outstanding immediately following implementation of the Recapitalization Transaction; and

  (iii) the Company shall complete an offering of $60 million in principal amount of New 1.5 Lien Notes, with $45 million of such New 1.5 Lien Notes being issued to certain Commitment Parties, and $15 million of such New 1.5 Lien Notes being made available to all eligible Senior Unsecured Noteholders by way of the Pro Rata Offering. The $15 million Pro Rata Offering is fully backstopped by the Commitment Parties, in consideration for the issuance of Commitment Consideration Shares with a value equal to $1.5 million; and

(c) ordinary resolutions as required by the TSX authorizing the Senior Unsecured Note Exchange, the issuance of Common Shares upon the conversion of the New 1.5 Lien Notes, as well as an Omnibus Incentive Plan and a Shareholder Rights Plan for the Company.

Senior Unsecured Noteholders will be asked to vote on the Arrangement.

See "*Quorum and Voting Requirements – Senior Unsecured Noteholders' Meeting*" and "*– Shareholders' Meeting*" for more information.

***What are some of the benefits of the Recapitalization Transaction?***

The Board believes the Recapitalization Transaction offers, among other things, the following key benefits to Calfrac and its Shareholders and Senior Unsecured Noteholders:

- it provides for a comprehensive recapitalization that is actionable and capable of compromising the rights of Senior Unsecured Noteholders given the support from holders of approximately 78% of the Senior Unsecured Notes and approximately 23% of the Common Shares;
- it avoids the potential that Shareholder recovery could be lower or zero in an alternate transaction;
- it preserves Calfrac as an independent company free of competitor control;
- it preserves Calfrac's ability to pursue a future value-enhancing or change of control transaction in more advantageous market conditions;
- it provides Shareholders and Senior Unsecured Noteholders with an opportunity to participate in the economic benefit of Calfrac through their ownership of Common Shares;
- it increases access to liquidity, improves Calfrac's leverage, strengthens its financial position and ultimately maximizes value for its stakeholders;
- it improves financial strength and reduces financial risk by :
    - retiring approximately $571.8 million of its outstanding total debt; and
    - reducing its annual cash interest expense by approximately $52.7 million (in each case, see "*Effect of the Recapitalization Transaction*"); and
- it improves liquidity through (i) the issuance of $60 million aggregate principal amount of New 1.5 Lien Notes; and (ii) relieves the Company from the obligation to pay cash interest in respect of the Senior Unsecured Notes, as accrued unpaid interest will be settled and extinguished pursuant to the Plan of Arrangement (and the principal amount of the Senior Unsecured Notes will be converted into or exchanged for New Common Shares);
- it positions the Company to:
    - maintain liquidity to survive during the period of a depressed commodity price environment;
    - invest in working capital required to participate in an industry recovery with improved activity levels; and
    - provide flexibility to raise additional capital in the future.

See "*Background to and Reasons for the Recapitalization Transaction*" and "*Reasons to Support the Recapitalization Transaction*" in the Circular for more information.

***What is the Board Recommending?***

The Board unanimously recommends that Shareholders and Senior Unsecured Noteholders **VOTE FOR** all resolutions at their respective Meetings. Some of the reasons to support the Recapitalization Transaction include:

- The Recapitalization Transaction avoids insolvency. Calfrac cannot sustain its current level of debt nor carry the related interest costs in the current economic and business environment, where demand for its services is severely constrained. Calfrac has to de-lever its balance sheet or risk moving to insolvency protection or another version of a credit event.

- The Recapitalization Transaction preserves Calfrac's independence, free of competitor control.

- The Recapitalization Transaction preserves the ability of the Company to pursue and consummate future value-enhancing or change of control transactions, in more advantageous market conditions.

- Shareholders may lose their entire investment if the Recapitalization Transaction is not approved. In any insolvency proceeding or other creditor protection proceeding, the credit hierarchy will prevail. Shareholders will likely be significantly worse off, prospectively facing a loss of their entire investment. For Shareholders, the Recapitalization Transaction is the best alternative for remaining invested in a recapitalized Calfrac that will be better positioned to operate in the current challenging business environment.

- The Recapitalization Transaction has key stakeholder support. The Recapitalization Transaction is a fair and negotiated solution to Calfrac's need to reduce debt that recognizes and balances the rights and interests of the respective securityholders. It currently has the support from holders of approximately 78% of the Senior Unsecured Notes and approximately 23% of the Common Shares.

- The Recapitalization Transaction is the only transaction being voted upon. Shareholders may be aware of the Wilks Brothers Proposal, but should be mindful that it is not being put forward to stakeholders for consideration, as it does not represent a "Superior Proposal" (as defined in the Noteholder Support Agreements). Among other factors, the Wilks Brothers Proposal lacks the required level of support from Senior Unsecured Noteholders to be successfully implemented. Furthermore, the Wilks Brothers Proposal is essentially an opportunistically late, thinly-veiled change of control transaction proposed by a direct competitor of Calfrac who has exhibited questionable motives, and which offers no change of control or "takeover" premium to Shareholders.

See "*Reasons to Support the Recapitalization Transaction*" in the Circular for more information.

***What if the Recapitalization Transaction is not completed?***

In the event the Recapitalization Transaction is not successful, the Company will need to evaluate all of its options and alternatives related to any future court proceedings or other alternatives to address key liquidity and debt leverage matters which exist today. In the event the Recapitalization Transaction is not successful, the value available to stakeholders may be significantly less, and any proceeds available for distribution to stakeholders would be paid in credit priority to the First Lien Lenders, Second Lien Noteholders and Senior Unsecured Noteholders, with the remaining proceeds, if any, paid to the Shareholders. There is significant risk that there may be no recovery of any kind for parties with subordinate claims, including Shareholders.

***What if the Arrangement Resolution is approved by the Senior Unsecured Noteholders but not the Shareholders?***

Pursuant to the Interim Order, Calfrac may seek Court approval of the Arrangement even if the Shareholders' Arrangement Resolution is not approved by the Shareholders at the Shareholders' Meeting. However, in the event the Court does not approve the Recapitalization Transaction, the Company will need to evaluate all of its options and

alternatives related to any future court proceedings or other alternatives to address key liquidity and debt leverage matters. See "*What if the Recapitalization Transaction is not completed?*" above.

***When and where will the Meetings take place?***

Each of the Meetings will be held in the McMurray Room at the Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta, on Thursday, September 17, 2020.

The Senior Unsecured Noteholders' Meeting will be held at 1:00 p.m. (Calgary time).

The Shareholders' Meeting will be held at 2:00 p.m. (Calgary time).

See "*Information Concerning the Meetings*" in the Circular for additional information.

***How do I vote?***

Shareholders and Senior Unsecured Noteholders as of the August 10, 2020 Record Date, or their duly appointed proxyholders, can attend and vote at the Shareholders' Meeting or Senior Unsecured Noteholders' Meeting, as applicable, and/or submit a proxy in respect thereof. Senior Unsecured Noteholders will be entitled to one vote for every US$1,000 principal amount of Senior Unsecured Notes held and Registered Shareholders will be entitled to one vote for every Common Share held, in each case, as at the Record Date.

Registered Shareholders may vote by internet, telephone, mail, fax or in person at the Shareholders' Meeting. Non-registered holders of Common Shares or Senior Unsecured Notes must provide voting instructions through their Intermediaries as described in the Circular or the relevant instructions received from your Intermediary. Non-registered holders of Common Shares or Senior Unsecured Notes who wish to vote at the applicable Meeting should be appointed as their own representatives for such Meeting in accordance with the directions of their Intermediaries and, in the case of non-registered holders of Common Shares, Form 54-101F7.

See "*Senior Unsecured Noteholder Proxies and VIEFS*", "*Shareholder Proxies and Voting Instruction Forms*", "*Entitlement to Vote and Attend*", "*Voting of Proxies*" and "*Non-Registered Holders*" in the Circular for more information.

***How do I become an Early Consenting Noteholder?***

Senior Unsecured Noteholders that wish to receive their pro rata share of the 6% Early Consenting Noteholder New Common Share Pool must submit to their Intermediaries on or prior to the Early Consent Date of 5:00 p.m. (Calgary time) on September 8, 2020, *or such earlier deadline as their Intermediaries may advise,* their duly completed Senior Unsecured Noteholder VIEF (or such other documentation or information as the Intermediary may customarily request from a beneficial Senior Unsecured Noteholder for the purposes of properly obtaining its voting and election instructions) and not withdraw such Senior Unsecured Noteholder VIEF, to permit their respective Intermediaries to duly complete and submit in a timely manner the beneficial Senior Unsecured Noteholder's voting and election instructions to DTC through ATOP or any similar program, by the Early Consent Date, and such Senior Unsecured Noteholder VIEFs must all instruct a vote in favour of the Senior Unsecured Noteholders' Arrangement Resolution. An election in ATOP or any similar program will not constitute a vote to be counted by the Proxy, Information and Exchange Agent, as such, it is important to complete the Senior Unsecured Noteholder VIEF and submit to their Intermediaries.

Any Senior Unsecured Noteholder who wishes to provide their early consent to the Recapitalization Transaction and the Plan of Arrangement should contact Kingsdale Advisors, as soon as possible, by: (a) telephone, toll-free in North America at 1-877-659-1822 or collect call outside North America at 1-416-867-2272; or (b) e-mail to contactus@kingsdaleadvisors.com.

***Who is soliciting my proxy?***

Calfrac is soliciting proxies by mail, telephone and other electronic means and by directors, officers and employees of Calfrac. Calfrac has retained Kingsdale Advisors to provide a variety of services related to the Meetings, including the solicitation of proxies. If you have any questions you may contact Kingsdale Advisors by: (a) telephone, toll-free in North America at 1-877-659-1822 or at 1-416-867-2272 outside of North America; or (b) e-mail to contactus@kingsdaleadvisors.com. For more information, see "*Solicitation of Proxies*" in the Circular.

***What if I sign the proxy form enclosed with the Circular?***

The persons named in the enclosed form of proxy or request for voting instructions provided by your Intermediary are directors and/or officers of the Company. Each Shareholder or Senior Unsecured Noteholder has the right to appoint a person, other than the persons designated by Management in the forms of proxy or request for voting instructions, to represent such party at the applicable Meeting. A Shareholder or Senior Unsecured Noteholder giving a proxy can strike out the names of the Management designees printed in the accompanying form of proxy and insert the name of another designated person in the space provided, complete another form of proxy appointment and/or follow such other instructions provided by their Intermediary. A proxy designee need not be a Shareholder or Senior Unsecured Noteholder of the Company.

Signing the enclosed proxy form for the Meeting gives authority to such proxy designee to vote your securities on your behalf at the applicable Meeting.

See "*Appointment of Proxies*", "*Senior Unsecured Noteholder Proxies and VIEFs*" and "*Shareholder Proxies and Voting Instruction Forms*" for additional information.

***When is the cut-off time for delivery of proxies?***

Shareholders must submit their proxies and voting instruction forms to the Company's Transfer Agent, Computershare Trust Company of Canada at or prior to 5:00 p.m. (Calgary time) on September 15, 2020 unless otherwise postponed or indicated by their Intermediary.

Beneficial Senior Unsecured Noteholders must submit their voting information and election forms (or such other documentation or information as their Intermediary may customarily request for purposes of obtaining voting and election instructions) to their respective Intermediaries at or prior to 5:00 p.m. (Calgary time) on September 15, 2020, unless otherwise postponed or indicated by their Intermediary. Intermediaries will then forward such voting and election instructions to Kingsdale Advisors. For more information, see "*Senior Unsecured Noteholder Proxies and VIEFs*" and "*Shareholder Proxies and Voting Instruction Forms*".

***What are the recommendations of the Board on the Recapitalization Transaction?***

The Board unanimously recommends that the Shareholders **VOTE FOR** the Continuance, the Arrangement and all further resolutions as required by the TSX concerning the approval and/or adoption of the Senior Unsecured Note Exchange, the New 1.5 Lien Note Offering, the Omnibus Incentive Plan and the Shareholder Rights Plan at the Shareholders' Meeting.

The Board unanimously recommends that the Senior Unsecured Noteholders **VOTE FOR** the Arrangement at the Senior Unsecured Noteholders' Meeting.

See "*Recommendation of the Board of Directors*" in the Circular for more information.

***What votes are required at the Meetings to approve the resolutions?***

*Senior Unsecured Noteholders' Meeting*

The Senior Unsecured Noteholder vote required to approve the Arrangement is not less than $66^{2/3}$% of the votes cast by the Senior Unsecured Noteholders (either in person or by proxy) at the Senior Unsecured Noteholders' Meeting. As a negotiated solution, the Recapitalization Transaction has support from holders of approximately 78% of the Senior Unsecured Notes, meeting and surpassing the $66^{2/3}$% threshold required to have the support of that class.

*Shareholders' Meeting*

The Shareholder vote required to approve Continuance and the Arrangement is not less than $66^{2/3}$% of the votes cast by the Shareholders (either in person or by proxy) at the Shareholders' Meeting. In addition, the approval of the Arrangement requires a majority of the votes cast by the Shareholders (either in person or by proxy) at the Shareholders' Meeting, excluding the votes of any Shareholders for whom the issuance of the New 1.5 Lien Notes would be deemed a "related party transaction" for the purposes of Multilateral Instrument 61-101.

In accordance with the policies of the TSX, the Shareholders must approve, as separate matters: (a) the issuance of Common Shares pursuant to the Senior Unsecured Note Exchange, and (b) the issuance of Common Shares upon the conversion of the New 1.5 Lien Notes, and the vote required to pass each of (a) and (b) above is a majority of the votes cast by the disinterested Shareholders (either in person or by proxy) at the Shareholders' Meeting. The Shareholders must also approve, as separate matters, the adoption of the Omnibus Incentive Plan and the Shareholder Rights Plan, each requiring a majority of the votes cast by the Shareholders (either in person or by proxy) at the Shareholders' Meeting.

See "*Summary – The Meetings – Securityholder Approvals*" and "*Quorum and Voting Requirements*" in the Circular for additional information.

***In addition to the approval of Shareholders and Senior Unsecured Noteholders, are there any other approvals required for the Arrangement?***

Yes, the Arrangement requires the approval of the Court and is also subject to the receipt of certain stock exchange and regulatory approvals. For more information, see "*Description of the Recapitalization Transaction – Required Approvals*" in the Circular.

***Will there be any changes to the Arrangement to be voted upon at the Meetings?***

Subject to the terms of any applicable Support Agreements, and pursuant and subject to the terms of the Interim Order, Calfrac is authorized to make such amendments, modifications and/or supplements to the Arrangement and the Plan of Arrangement as it may determine necessary or desirable, provided that if any such amendments, modifications and/or supplements to the Arrangement and the Plan of Arrangement would, if disclosed, reasonably be expected to affect a Senior Unsecured Noteholders' or Shareholders' decision to vote for or against the applicable resolution, notice of such amendment, modification/or supplement shall be, subject to the terms of any applicable Support Agreements, distributed prior to the relevant Meetings by press release, prepaid ordinary mail, e-mail or by the method most reasonably practicable in the circumstances, as Calfrac may determine.

The Arrangement and Plan of Arrangement so amended, modified and/or supplemented shall be deemed to be the Arrangement and Plan of Arrangement submitted to the Shareholders and Senior Unsecured Noteholders at the Meetings, and shall be deemed to be the subject of the applicable resolutions in respect of the Arrangement.

Subject to the terms of the applicable Support Agreement, and pursuant and subject to the terms of the Interim Order, Calfrac is authorized make amendments, revisions and/or supplements to this Circular, form of proxy, voting instruction form, voting information and election form, letter of transmittal Participation Form, Master Participation Form and any notice of meeting in respect of the Meetings, as Calfrac may determine is necessary or desirable and not inconsistent with the terms of the Interim Order ("**Additional Information**"). Calfrac may disclose such

Additional Information, including material changes, by the method and in the time most reasonably practicable in the circumstances as determined by Calfrac, subject to the Interim Order. Without limiting the generality of the foregoing, Additional Information will be communicated by news release and/or notice sent to Registered Shareholders and Senior Unsecured Noteholders entitled to vote at the Meetings and their respective Intermediaries.

Any such amendments, revisions or supplements made by Calfrac will be subject to the terms of the applicable Support Agreements and the Interim Order, which are available under the Company's profile on SEDAR at www.sedar.com.

Senior Unsecured Noteholders and Shareholders are urged to monitor the public disclosure of, and correspondence received from, Calfrac for Additional Information.

***How will I know when the Arrangement will be implemented?***

The Arrangement will be completed upon satisfaction or waiver of all of the conditions to the Arrangement. Assuming that all of the conditions to the Arrangement are satisfied, Calfrac expects the Arrangement to become effective in October 2020. At that time, Calfrac will publicly announce that the conditions are satisfied or waived and that the Arrangement has been implemented.

***I am a Shareholder. How will I receive my consolidated Common Shares?***

Registered Shareholders will be required to complete, execute and return the Letter of Transmittal to the Depositary to receive their New Common Shares. If you are a non-registered Shareholder, you do not have to take any action to receive your New Common Shares. For more information, see "*Procedures – Issuances and Distributions*" in the Circular.

***I am a Senior Unsecured Noteholder. How will I receive my consolidated Common Shares?***

The delivery of New Common Shares issued pursuant to Senior Unsecured Noteholders pursuant to the Plan of Arrangement shall be made: (a) in respect of Senior Unsecured Noteholders that are entitled to receive New Common Shares under the Plan of Arrangement and who are able to receive New Common Shares through DTC as of the Record Date, through the facilities of DTC to Intermediaries who, in turn, will make delivery of the New Common Shares to the ultimate beneficial recipients thereof pursuant to standing instructions and customary practices of DTC; or (b) in respect of any Senior Unsecured Noteholder that is entitled to receive New Common Shares under the Plan of Arrangement, has withdrawn its Senior Unsecured Notes from DTC, and holds such Senior Unsecured Notes in registered form, by providing either (i) Direct Registration System advices or confirmations or (ii) certificated shares, as elected by such holder in consultation with Calfrac, in the name of the applicable recipient thereof (or its Intermediary) and registered electronically in Calfrac's records which will be maintained by the Transfer Agent. For more information, see "*Procedures – Issuances and Distributions*" in the Circular.

***Are there risks I should consider when deciding how to vote my Common Shares and/or Senior Unsecured Notes?***

Shareholders and Senior Unsecured Noteholders should consider a number of risk factors when determining how to vote their Common Shares or Senior Unsecured Notes, as applicable. These risk factors are discussed in the Circular and/or in certain sections of documents publicly filed, which sections are incorporated by reference. See "*Risk Factors*" in the Circular for additional information.

***Am I entitled to dissent rights?***

Registered Shareholders have the right to dissent with respect to the Continuance, and if the Continuance becomes effective, such dissenting Shareholders shall be paid by Calfrac the fair value of the Common Shares held, determined as of the close of business on the last Business Day before the day upon which the Continuance Resolution is approved by the Shareholders.

The Board may, in its sole discretion, determine not to proceed with the Continuance at any time before or after the holding of the Shareholders' Meeting but prior to the issuance of a Certificate of Continuance, without further action

on the part of Shareholders. If the Continuance is not approved, or the Board determines not to proceed with the Continuance for any reason (including the exercise of dissent rights by Shareholders), the Arrangement will not be completed.

For more information on your dissent rights see "*Description of the Recapitalization Transaction – Continuance Right of Dissent*" in the Circular.

***Who can I contact if I have additional questions or need assistance?***

If you have any questions please contact the Proxy, Information and Exchange Agent, Kingsdale Advisors, by: (a) telephone, toll-free in North America at 1-877-659-1822 or collect call outside North America at 1-416-867-2272; or (b) e-mail to contactus@kingsdaleadvisors.com.

## QUESTIONS AND ANSWERS ON THE PRO RATA OFFERING

Information regarding the Pro Rata Offering can be found under "*Description of the Recapitalization Transaction – Plan of Arrangement – Offering of the New 1.5 Lien Notes – Pro Rata Offering*" and "*Procedures – Elections and Pro Rata Offering*".

***Who can participate in the Pro Rata Offering?***

Each Senior Unsecured Noteholder of record as at the Participation Record Date of 12:00 p.m. (Calgary time) on August 24, 2020 that is an Eligible Noteholder will be provided with the non-transferable right to participate in the $15 million Pro Rata Offering of New 1.5 Lien Notes.

For the purposes of the Pro Rata Offering, "**Eligible Noteholder**" means a Senior Unsecured Noteholder (including any Commitment Party) holding Senior Unsecured Notes as at the Participation Record Date that: (a) if such Person is in the United States, is (i) an institution that is an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the U.S. Securities Act or (ii) a "qualified institutional buyer" as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act; and (b) if such Person is resident in Canada or otherwise outside of the United States, is qualified to participate in the Pro Rata Offering in accordance with the Laws of its jurisdiction of residence, including Regulation S under the U.S. Securities Act and it has provided evidence satisfactory to the Applicants to demonstrate such qualification.

***What is being offered in the Pro Rata Offering?***

A total of $15 million principal amount of New 1.5 Lien Notes will be available for subscription pursuant to the Pro Rata Offering.

***How many New 1.5 Lien Notes am I entitled to acquire in the Pro Rata Offering?***

For each US$1,000,000 of face value of the Senior Unsecured Notes held by an Eligible Noteholder, such Eligible Noteholder will be entitled to subscribe for $34,736 of New 1.5 Lien Notes, rounded down to the nearest multiple of $1,000.

***How do I participate and what is the Participation Deadline?***

Each Eligible Noteholder that wishes to exercise its Subscription Privilege is required to provide instructions to their Intermediary as described in the Participation Form (or other acceptable form of instruction as required by their Intermediary) prior to their Intermediary's own internal deadlines, which will be before the Participation Deadline of 5:00 p.m. (Calgary time) on September 11, 2020.

Such Eligible Noteholder's Intermediary must then complete the required information on an executed Master Participation Form, submit the instructions through the facilities of DTC, forward the Eligible Noteholder's

information and compile in a properly completed and duly executed Master Participation Form via e-mail to the Proxy, Information and Exchange Agent.

Instructions from Eligible Noteholders to exercise their Subscription Privilege and participate in the Pro Rata Offering must be made through their Intermediaries, and must be received the Company before the Participation Deadline of 5:00 p.m. (Calgary time) on September 11, 2020.

***What is the Funding Deadline?***

The Funding Deadline is 5:00 p.m. (Calgary time) on September 24, 2020, and Eligible Noteholders must ensure that their respective Electing Noteholder Amount is delivered by their Intermediary via wire, net of fees, to the Escrow Agent, prior to the Funding Deadline pursuant to the payment instructions contained in the Master Participation Form. An Eligible Noteholder will not be permitted to participate in the Pro Rata Offering if the Escrow Agent has not received the aggregate Electing Noteholder Amount prior to the Funding Deadline.

***Can I transfer my rights to participate in the Pro Rata Offering?***

No, the right to participate in the Pro Rata Offering and acquire New 1.5 Lien Notes is not transferable.

***Can I acquire any New 1.5 Lien Notes that other Eligible Noteholders do not acquire?***

No, any New 1.5 Lien Notes that remain unsubscribed for will be acquired by the Commitment Parties.

***If I sell my Senior Unsecured Notes after subscribing, am I still entitled to participate in the Pro Rata Offering?***

You may, provided you were a Senior Unsecured Noteholder of record as at the Participation Record Date of 12:00 p.m. (Calgary time) on August 24, 2020, but subject to the terms of any Support Agreement to which you are a party.

***Is the Pro Rata Offering conditional?***

Yes, the Pro Rata Offering is conditional upon the completion of, and is one of the steps in, the Arrangement.

***Is the Pro Rata Offering backstopped?***

Yes, the full $15 million Pro Rata Offering is backstopped by the Commitment Parties.

***When and how will I receive my New 1.5 Lien Notes?***

The delivery of New 1.5 Lien Notes will be made through the facilities of DTC to Intermediaries who, in turn, will make delivery of the New 1.5 Lien Notes to the ultimate beneficial recipients thereof pursuant to standing instructions and customary practices of DTC.

See "*Procedures – Issuances and Distributions*" for additional information.

***What if I need further information?***

You should contact your Intermediary, professional advisors or Kingsdale Advisors by: (a) telephone, toll-free in North America at 1-877-659-1822 or collect call outside North America at 1-416-867-2272; or (ii) e-mail to contactus@kingsdaleadvisors.com. You should read this Circular for more information about the Pro Rata Offering and the Recapitalization Transaction to make an informed decision.

## QUESTIONS AND ANSWERS ON WILKS BROTHERS

Additional information can be found under the headings, "*Calfrac and Wilks Brothers*" and "*The Wilks Brothers Proposal*".

***Did Calfrac seek to collaborate on opportunities to enhance shareholder and noteholder value with Wilks Brothers?***

Yes, Calfrac and Wilks Brothers (owner of ProFrac Services, LLC, a competitor of Calfrac in the United States) began corresponding in March 2020 on the possibility of collaboration between Calfrac and Wilks Brothers regarding opportunities that the latter described as having the potential to be mutually beneficial to both parties. In early May 2020, the Board received letters from Wilks Brothers outlining its intention to work in partnership on a liquidity and deleveraging transaction, and included offers by Wilks Brothers to backstop a strategic transaction. The Board determined that Calfrac's financial advisors should evaluate the potential initiatives proposed by Wilks Brothers and consider what opportunities they presented.

***Was a Non-Disclosure Agreement executed to further the collaborative efforts between Calfrac and Wilks Brothers?***

At the first signs of a potentially collaborative effort, Calfrac proposed to the Wilks Brothers that it should execute a non-disclosure agreement to allow Calfrac to share information regarding the Company and its business which would purposefully foster a constructive dialogue to enable both parties to further explore the possibility of a strategic transaction. Both parties exchanged drafts of the non-disclosure agreement in late May 2020, with the Wilks Brothers advising in early June that it would sign the agreement. Calfrac, during these negotiations, executed non-disclosure agreements with certain Senior Unsecured Noteholders. After Calfrac followed up with Wilks Brothers on the status of executing the non-disclosure agreement, Wilks Brothers expressed reservations, at which time, Calfrac reiterated the importance of having the non-disclosure agreement executed to protect Calfrac's best interests and prior to further discussing the details of any transaction with Wilks Brothers, owner of a competitor to Calfrac.

***What led to Calfrac receiving Wilks Brothers' alternative recapitalization proposal?***

Despite Calfrac's repeated invitations to enter into a non-disclosure agreement with Wilks Brothers to purposefully investigate a potential transaction since late May 2020, Wilks Brothers publicly announced on August 4, 2020 an unsolicited proposal for a recapitalization transaction after Calfrac had agreed to the terms of the Recapitalization Transaction, which was, and continues to be, supported by holders of approximately 78% of the Senior Unsecured Notes and approximately 23% of the Common Shares. The Recapitalization Transaction was achieved after substantial arm's length negotiations with the only parties willing to engage with Calfrac at a critical time preceding expiry of the interest payment grace period under the Senior Unsecured Notes. See "*Background to and Reasons for the Recapitalization Transaction*" for additional information.

***What conclusions did the Special Committee arrive at in respect of the Wilks Brothers Proposal?***

On August 15, 2020, the Special Committee determined, with the input and advice of its independent legal counsel and financial advisors, that the Wilks Brothers Proposal is not a "Superior Proposal", as defined in the relevant agreements. The Special Committee noted, in particular, that the Wilks Brothers Proposal could not reasonably be expected to result in a transaction more favourable to the Company and its stakeholders. As part of such determination, in addition to other factors considered by the Special Committee and based on direct discussions with Senior Unsecured Noteholders holding the majority of the face value of the Senior Unsecured Notes, the Special Committee concluded that the Wilks Brothers Proposal lacks the required level of support from Senior Unsecured Noteholders to be successfully implemented. The Special Committee's determination together with the Board's similar determination, means that Calfrac will be continuing to seek approval for the Recapitalization Transaction, which is to be implemented pursuant to the Plan of Arrangement under the CBCA. See "*Background to and Reasons for the Recapitalization Transaction*" and "*The Wilks Brothers Proposal*" for additional information.

***What constitutes a "Superior Proposal" as defined in the Noteholder Support Agreements?***

The Noteholder Support Agreements provide that, in the event the Company receives a bona fide unsolicited proposal (including, and for greater certainty, any acquisition or financing proposal), the Company is permitted to negotiate and enter into a transaction in respect of any such proposal if, following receipt of advice from outside legal and financial advisors, and discussions with the Initial Consenting Noteholders, the Board believes in good faith, in the exercise of its fiduciary duties, that:

(a) such proposal could reasonably be expected to result in a transaction more favourable to the Company and its stakeholders than the Recapitalization Transaction; and

(b) it is supported by the Senior Unsecured Noteholders holding not less than $66^{2/3}$% of the aggregate principal amount of the Senior Unsecured Notes outstanding or is capable of being implemented without the support of Senior Unsecured Noteholders holding not less than $66^{2/3}$% of the aggregate principal amount of the Senior Unsecured Notes outstanding.

***On what basis should Shareholders themselves evaluate the Wilks Brothers Proposal?***

Shareholders should evaluate the Wilks Brothers Proposal in the context of its other actions. Calfrac believes it necessary and appropriate to address certain concerns with the Wilks Brothers Proposal as Shareholders evaluate Wilks Brothers' intentions.

- The Wilks Brothers Proposal seeks to secure in favour of Wilks Brothers a change of control of Calfrac, without paying any premium for the Shareholders.
    - The Wilks Brothers Proposal is essentially a thinly-veiled change of control transaction offering no change of control or "takeover" premium to Shareholders.
    - Consummation of the Recapitalization Transaction would not prohibit Calfrac from subsequently executing a consensual change of control or other transactions with any third party.
- The Wilks Brothers Proposal does not explain the logic of a direct competitor owning 100% of its own private company (ProFrac Services, LLC), while still prospectively competing in business with a public company (Calfrac) in which it proposes to own a majority controlling interest in excess of 60%.
    - Under the Wilks Brothers Proposal, Wilks Brothers would effectively control Calfrac through its resulting majority equity position, while at the same time owning 100% of ProFrac Services, LLC, a direct competitor of Calfrac in the United States.
    - In addition to the competitive and other conflicts that such a result would present, the implementation of the Wilks Brothers Proposal would likely also negatively impact the trading value and liquidity of Calfrac's common shares, and limit the opportunity of any other acquiror being able to purchase Calfrac at a premium in the future. This may affect Senior Unsecured Noteholders and Shareholders since, under the Wilks Brothers Proposal, their future economic recovery would essentially be determined by the future value of the Calfrac common shares in a company faced with the conflict of being controlled by a competitor and with little to no ability to achieve a change of control premium from a third party.
- Wilks Brothers has taken many actions in the pursuit of its own agenda and Shareholders should consider Wilks Brothers' true motives. For example, Wilks Brothers has portrayed itself as the protector of Shareholder interests, yet in the Alberta courts, Wilks Brothers has done everything but seek to protect Shareholders, by seeking to oppose the very stay that would permit a restructuring of Calfrac's capital structure to proceed.
- Wilks Brothers has stated that its proposal is now designed for the betterment of Shareholders. However, at the same time that it is heralding the benefits that its proposal will provide to Shareholders, Wilks Brothers

is aggressively seeking to promote the initiation of bankruptcy proceedings for Calfrac in U.S. courts, which if successful, will result in irrevocable value destruction for Shareholders.

See "*The Wilks Brothers Proposal*" for additional information.

## IMPORTANT INFORMATION

### General

**This Circular is furnished in connection with the solicitation of proxies by and on behalf of the Management for use at the Meetings and any adjournments or postponements thereof. No person has been authorized to give any information or make any representation in connection with the Recapitalization Transaction or any other matters to be considered at the Meetings other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized and should not be relied upon in making a decision as to how to vote on the Recapitalization Transaction.**

All summaries of, and references to, the Recapitalization Transaction in this Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement, a copy of which is attached as Appendix "H" to this Circular. **You are urged to carefully read the full text of the Plan of Arrangement.**

These meeting materials are being sent to both registered and non-registered Shareholders and Senior Unsecured Noteholders. DTC is the sole registered holder of the Senior Unsecured Notes on behalf of Senior Unsecured Noteholders. If you are a non-registered Shareholder or Senior Unsecured Noteholder, and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of Common Shares and/or Senior Unsecured Notes, as the case may be, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding such Common Shares and/or Senior Unsecured Notes, as the case may be, on your behalf.

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth under "*Glossary of Terms*". Information contained in this Circular is given as of August 17, 2020, unless otherwise specifically stated.

### Forward Looking Information and Statements

Certain statements contained in this Circular and the documents incorporated herein by reference constitute "forward-looking information" within the meaning of applicable Canadian Securities Laws (collectively, "**forward-looking statements**"), which are based upon the current internal expectations, estimates, projections, assumptions and beliefs of the Management. Statements concerning the Company's objectives, goals, strategies, intentions, plans, beliefs, assumptions, projections, predictions, expectations and estimates, and the business, operations, future financial performance and condition of the Company are forward-looking statements. The use of words in this Circular such as "believe", "expect", "anticipate", "estimate", "intend", "may", "will", "would", "could", "plan", "create", "designed", "predict", "project", "seek", "ongoing", "increase", "upside" and similar expressions and the negative and grammatical variations of such expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Such forward-looking statements reflect the current beliefs of the Management based on information currently available to them, and are based on assumptions and are subject to risks and uncertainties. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in or implied by the forward-looking statements. In addition, this Circular may contain forward-looking statements attributed to third-party industry sources.

By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections or other characterizations of future events or circumstances that constitute forward-looking statements will not occur. Such forward-looking statements in this Circular speak only as of the date of this Circular. Forward-looking statements in this Circular and the documents incorporated herein by reference include, but are not limited to, statements with respect to:

- the performance of the Company's business and operations;
- the timing of, and matters to be considered at, the Meetings as well as with respect to voting at such Meetings;

- the Company's future liquidity and financial capacity including in the event the Recapitalization Transaction is not approved;
- the Company's ability to satisfy its financial obligations in future periods in the event the Recapitalization Transaction is not approved;
- expectations regarding the Company's ability to raise capital and/or restructure its capital structure;
- the Company's intention to reduce its debt and annual interest payments;
- the Company's intention to realign its capital structure and the timing thereof;
- the Company's filings with the Court and the ability to obtain the Final Order;
- failure to timely satisfy the conditions of the Recapitalization Transaction or to otherwise complete the Recapitalization Transaction;
- the expected structure and process for implementing the Recapitalization Transaction;
- the expected benefits of the Recapitalization Transaction;
- the expenses associated with the Recapitalization Transaction and the Arrangement;
- the current and future marketability of the Company's securities;
- the structure and timing of future transactions to increase the Company's liquidity;
- the Company's future business plans and strategy;
- capital expenditures and the timing and method of financing thereof;
- the Company's ability to deliver sustained value for Shareholders;
- expectations regarding the Company's ability to continue to operate more efficiently and remain adaptable to changes in its current business environment;
- supply and demand for oilfield services;
- the rate of depreciation of the Company's assets;
- the Company's ability to motivate and retain top talent;
- expectations regarding trends in, and the growth prospects of, the global oil and gas industry;
- exposure under existing legal proceedings;
- the Company's future compensation plans and program components; and
- the Company's long-term incentive plan balance.

With respect to the forward-looking statements contained in this Circular and the documents incorporated herein by reference, such statements are subject to certain risks, including those risks set forth below and in the "*Risk Factors*" section of this Circular and the "*Risk Factors*" section of the annual information form for the year ended December

31, 2019, dated March 10, 2020, and filed under the Company's profile on SEDAR at www.sedar.com, and the Company has made assumptions regarding, among other factors:

- the ability of the Company to significantly reduce its debt and annual interest payments through the implementation of the Recapitalization Transaction and the amount of any such reduction;
- the ability of the Company to realign its capital structure and the timing thereof;
- alternatives available to the Company to strengthen the Company's capital structure;
- the ability of the Company to achieve its financial goals;
- the ability of the Company to operate in the ordinary course during the proceedings under the CBCA, including with respect to satisfying obligations to service providers, suppliers, contractors and employees;
- the ability of the Company to receive all necessary regulatory, court, third party and stakeholder approvals in order to complete the Recapitalization Transaction;
- the ability of the Company to continue as a going concern;
- the ability of the Company to continue to realize its assets and discharge its liabilities and commitments;
- the Company's future liquidity position, and access to capital, to fund ongoing operations and obligations (including debt obligations);
- the ability of the Company to stabilize its business and financial condition;
- the ability of the Company to implement and successfully achieve its business priorities;
- the ability of the Company to execute its long-term growth strategy in a timely manner or at all;
- the ability of the Company to comply with its contractual obligations, including, without limitation, its obligations under debt arrangements;
- the ability of the Company to maintain key partnerships now and in the future;
- the general regulatory environment in which the Company operates, including the areas of taxation and environmental protection;
- the tax treatment of the Company, its securities or any income derived therefrom;
- the materiality of legal and regulatory proceedings;
- the timely receipt of any required regulatory approvals, including in respect of the Recapitalization Transaction;
- the general economic, financial, market and political conditions impacting the industry and jurisdictions in which the Company operates;
- the ability of the Company to sustain or increase profitability, fund its operations with existing capital and/or raise additional capital to fund its operations;
- the ability of the Company to meet its financial forecasts and projections;

- future currency exchange and interest rates;
- the ability of the Company to generate sufficient cash flow from operations;
- the impact of competition;
- the ability of the Company to obtain and retain qualified staff, equipment and services in a timely and efficient manner (particularly in light of the Company's efforts to restructure its debt obligations);
- the ability of the Company to conduct operations in a safe, efficient and effective manner;
- the ability of the Company to retain members of the senior management team, including but not limited to, the officers of the Company; and
- the ability of the Company to successfully market its products and services.

Forward-looking statements contained in this Circular and the documents incorporated herein by reference are based on the key assumptions described herein. Readers are cautioned that such assumptions, although considered reasonable by the Company, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided in this Circular as a result of numerous known and unknown risks and uncertainties and other factors. The Company cannot guarantee future results.

Risks related to forward-looking statements include those risks referenced herein and in the Company's other filings with the Canadian securities regulators. Some of the risks and other factors which could cause actual results to differ materially from those expressed in the forward-looking statements contained in this Circular include, but are not limited to, the risk factors described above and included under the heading "*Risk Factors*" in this Circular.

Forward-looking statements contained in this Circular and the documents incorporated herein by reference are based on the Company's current plans, expectations, estimates, projections, beliefs and opinions and the assumptions relating to those plans, expectations, estimates, projections, beliefs and opinions may change. Management has included the summary of assumptions and risks related to forward-looking statements included in this Circular for the purpose of assisting the reader in understanding Management's current views regarding those future outcomes. Readers are cautioned that this information may not be appropriate for other purposes. **Readers are cautioned that the lists of assumptions and risk factors contained herein are not exhaustive. Neither the Company nor any other person assumes responsibility for the accuracy or completeness of the forward-looking statements contained herein.**

The forward looking-statements contained in the documents incorporated by reference herein: (a) were made as of the dates stated therein and have not been updated except as modified or superseded by a subsequently filed document that is also incorporated by reference in this Circular; (b) represent the Company's views as of the date of such documents and should not be relied upon as representing the Company's views as of any subsequent date; and (c) are expressly qualified by this cautionary statement. While the Company anticipates that subsequent events and developments may cause its views to change, the Company specifically disclaims any intention or obligation to update forward looking-statements, whether as a result of new information, future events or otherwise, except to the extent required by applicable securities laws.

**All of the forward-looking statements made in this Circular and the documents incorporated herein by reference are expressly qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments anticipated in or implied by such forward-looking statements will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company.**

Actual results, performance or achievements could differ materially from those anticipated in or implied by any forward-looking statement in this Circular, and, accordingly, investors should not place undue reliance on any such forward-looking statement. New factors emerge from time to time and the importance of current factors may change from time to time and it is not possible for the Management to predict all of such factors, or changes in such factors,

or to assess in advance the impact of each such factors on the business of the Company or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement contained in this Circular.

## NOTICE TO SECURITYHOLDERS IN THE UNITED STATES

**THE SECURITIES ISSUABLE IN CONNECTION WITH THE RECAPITALIZATION TRANSACTION HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE OF THE UNITED STATES; NOR HAS THE SEC OR ANY SUCH STATE REGULATORY AUTHORITY PASSED UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR OR ANY DOCUMENTS INCORPORATED BY REFERENCE HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The solicitation of proxies and the transactions contemplated in this Circular involve securities of an issuer located in Canada and are being effected in accordance with the CBCA. The proxy solicitation rules under the U.S. Securities Laws are not applicable to Calfrac or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the CBCA. Senior Unsecured Noteholders and Shareholders should be aware that disclosure requirements under the laws of Canada differ from the disclosure requirements under U.S. Securities Laws.

The issuance and distribution of New 1.5 Lien Notes and New Common Shares under the Plan of Arrangement have not been and will not be registered under the 1933 Act or any applicable securities laws of any state of the United States, and the New 1.5 Lien Notes and New Common Shares may not be offered or sold within the United States except pursuant to an applicable exemption from the registration requirements of the 1933 Act and an exemption from any applicable securities laws of any state of the United States. The New Common Shares are being issued and distributed in reliance on the exemption from registration set forth in section 3(a)(10) of the 1933 Act on the basis of the approval of the Court, which will consider, among other things, the fairness of the Arrangement to the persons affected. Section 3(a)(10) of the 1933 Act exempts from the general requirement of registration under the 1933 Act securities issued in exchange for one or more *bona fide* outstanding securities, claims or property interests, or partly in such exchange and partly for cash, where the terms and conditions of the issuance and exchange are approved by a court or other government authority that is expressly authorized by law to grant such approval, after a hearing upon the procedural and substantive fairness of such terms and conditions of such issuance and exchange at which all persons to whom the securities are proposed to be issued in such exchange have the right to appear and receive timely and adequate notice thereof. The Court will conduct a hearing to determine the fairness of the terms and conditions of the Arrangement, including the proposed issuance of New Common Shares in exchange for the Senior Unsecured Notes. The Court granted a preliminary interim order on July 13, 2020, an interim order on August 7, 2020 and, subject to, among other things, approval of the Arrangement by the Senior Unsecured Noteholders and Shareholders, a hearing on the fairness of the Plan of Arrangement will be held by the Court at 10:00 a.m. (Calgary time) on September 30, 2020, or such other time and/or date as may be approved by the Court.

All Voting Parties are entitled to appear and be heard at the hearing for the Final Order on the terms set out in the Interim Order. The Final Order will constitute the basis for the exemption from the registration requirements of the 1933 Act provided by section 3(a)(10) thereof with respect to the proposed issuance of New Common Shares in exchange for the Senior Unsecured Notes pursuant to the Plan of Arrangement. Prior to the hearing on the Final Order, the Court will be informed that if the terms and conditions of the Arrangement is approved by the Court, the Final Order will be relied upon to constitute the basis for the exemption provided by section 3(a)(10) of the 1933 Act with respect to the New Common Shares to be issued to Senior Unsecured Noteholders pursuant to the Arrangement. To the extent state blue-sky laws are applicable to any offers or sales of the New Common Shares made in any state or territory of the United States, Calfrac intends to rely on available exemptions under such laws. See "*Description of the Recapitalization Transaction – Certain U.S. Securities Laws Matters*" and "*Certain Regulatory and Other Matters Relating to the Recapitalization Transaction*" included herein.

The issuance of Common Shares, if any, upon the conversion of the New 1.5 Lien Notes are not eligible for the exemption from registration under section 3(a)(10) of the 1933 Act and may not be issued in the absence of an effective registration statement, or another exemption under the 1933 Act, such as section 3(a)(9), Regulation S or the private placement exemption under Regulation D under the 1933 Act. Securities issued under such exemptions may be deemed "restricted securities" subject to limitations on resale unless an exemption is available, such as the exemptions contained in Rule 144 under the U.S. Securities Act ("**Rule 144**") or Regulation S.

Senior Unsecured Noteholders who are resident in, or citizens of, the United States are advised to consult their tax advisors to determine the particular United States tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction. See "*Income Tax Considerations – Certain United States Federal Income Tax Considerations*".

The enforcement by Senior Unsecured Noteholders of civil liabilities under U.S. Securities Laws may be affected adversely by the fact that Calfrac is incorporated outside the United States, that some of its officers and directors and the experts named herein are residents of a country other than the United States and that some or all of the assets of Calfrac and the aforementioned persons are located outside the United States. It may not be possible, therefore, for you to effect service of process within the United States upon Calfrac or such persons. There is also uncertainty as to the enforceability (1) in an original action in Canadian courts of liabilities predicated solely upon United States federal securities laws and (2) of judgments of United States courts obtained in actions predicated upon the civil liability provisions of United States federal securities laws in Canadian courts. Therefore, you may not be able to secure judgment against the Company or such persons in a Canadian court or, if successful in securing a judgment against the Company or such persons in a U.S. court, you may not be able to enforce such judgment in Canada. For risks related to the Recapitalization Transaction, see "*Risk Factors*".

## REPORTING CURRENCIES AND PRINCIPLES

Except where otherwise indicated, all dollar amounts set forth in this Circular are in Canadian Dollars, the presentation currency used by the Company in its financial results.

In this Circular, unless otherwise stated, all references to percentages of Common Shares are expressed on a non-diluted basis.

The financial statements incorporated by reference in this Circular have been prepared in accordance with IFRS.

IFRS differs in certain material respects from U.S. generally accepted accounting principles ("**U.S. GAAP**") and, as such, the Company's financial statements and the financial information derived therefrom may not be comparable to the financial statements and financial information of U.S. companies prepared in accordance with U.S. GAAP. As the SEC has adopted rules to accept, from foreign private issuers, such as the Company, financial statements prepared in accordance with IFRS without reconciliation to U.S. GAAP, this Circular does not include an explanation of the principal differences between, or any reconciliation of, IFRS and U.S. GAAP. Readers should consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP, and of how those differences might affect the financial information presented herein.

## EXCHANGE RATES

The following table sets forth, for each of the periods indicated, the end-of-period daily exchange rate, the average daily exchange rate and the high and low daily exchange rates of one Canadian Dollar in exchange for one U.S. Dollar, as quoted by the Bank of Canada. The Bank of Canada's daily average exchange rate on July 14, 2020 (the date the Recapitalization Transaction was announced) for the conversion of Canadian to U.S. Dollars, was $1.00 equals US$0.7344.

| | **Six Months Ended June 30,** | **Year Ended December 31,** | |
|---|---|---|---|
| | **2020 (US$)** | **2019 (US$)** | **2018 (US$)** |
| High | 0.7710 | 0.7699 | 0.8138 |
| Low | 0.6898 | 0.7353 | 0.7330 |
| Average | 0.7332 | 0.7537 | 0.7721 |
| End of Period | 0.7338 | 0.7699 | 0.7330 |

The foregoing rates may differ from the actual rates used in the preparation of Calfrac's unaudited pro forma consolidated balance sheet and other financial information appearing in this Circular. The Company's inclusion of these exchange rates is not meant to suggest that the Canadian Dollar amounts actually represent such U.S. Dollar amounts or that such amounts could have been converted into U.S. Dollars at any particular rate, if at all.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this Circular from documents filed by Calfrac with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained upon request from Investor Relations at Calfrac Well Services Ltd., Suite 500, 407 - 8th Avenue S.W., Calgary, Alberta, T2P 1E5, e-mail investors@calfrac.com or our website www.calfrac.com or by accessing the disclosure documents available through the internet on the SEDAR website at www.sedar.com.

The following documents of Calfrac, filed with the various provincial securities commissions or similar regulatory authorities in Canada, are specifically incorporated into and form an integral part of this Circular:

- the annual information form for the year ended December 31, 2019, dated March 10, 2020 (the "**AIF**");
- the audited financial statements for the years ended December 31, 2019 and 2018 and related notes, together with management's report on internal controls over financial reporting, and the auditor's report thereon;
- the management's discussion and analysis of the financial condition and results of operations of the Company for the years ended December 31, 2019 and 2018;
- the unaudited interim consolidated financial statements of the Company, and related notes for the three and six months ended June 30, 2020 and 2019;
- the management's discussion and analysis of the financial performance of the Company for the three and six months ended June 30, 2020 and 2019;
- the management information circular of the Company dated April 1, 2020 in respect of the annual meeting held on May 5, 2020; and
- the material change report of the Company dated July 22, 2020 with respect to the announcement of the Recapitalization Transaction and receipt of the Preliminary Interim Order dated July 13, 2020.

Any annual information form, annual report, annual or interim financial statement and related management's discussion and analysis, material change report (excluding confidential material change reports), business acquisition report, information circular, news release containing financial information for financial periods more recent than the most recent annual or interim financial statements, or disclosure document filed pursuant to an undertaking to a Canadian securities regulatory authority by Calfrac with any securities commission or similar regulatory authority in Canada subsequent to the date of this Circular and prior to the Effective Time will be deemed to be incorporated by reference in this Circular, as well as any document so filed by Calfrac which expressly states it is to be incorporated by reference in this Circular. These documents will be available under the Company's profile on SEDAR at www.sedar.com.

Calfrac qualifies, and immediately after giving effect to the Arrangement will qualify, as a "foreign private issuer" as defined in Rule 3b-4 under the 1934 Act and is not subject to the reporting requirements of the 1934 Act.

**Any statement contained herein, or in any document incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded, for the purposes of this Circular, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Circular, except as so modified or superseded.**

## GLOSSARY OF TERMS

Unless the context otherwise requires, when used in this Circular the following terms shall have the meanings set forth below. Words importing the singular number shall include the plural and vice versa, and words importing any gender shall include all genders.

"**1933 Act**" means the United States *Securities Act of 1933*, as amended.

"**1934 Act**" means the United States *Securities Exchange Act of 1934*, as amended.

"**ABCA**" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended.

"**Ad Hoc Committee**" means the ad hoc committee of certain Senior Unsecured Noteholders represented by Goodmans LLP.

"**Additional Commitment Parties**" means those Senior Unsecured Noteholders that execute a Commitment Joinder Agreement in accordance with the terms of the Commitment Letter, and their permitted assigns, and includes for greater certainty, any Additional Allocated Parties (as defined in the Commitment Letter).

"**Affected Parties**" means the Senior Unsecured Noteholders, the Senior Unsecured Notes Trustee, the Shareholders, the holders of Options issued pursuant to the Stock Option Plan, the holders of PSUs issued pursuant to the PSU Plan, the Existing Equity Holders (other than holders of DSUs issued pursuant to the DSU Plan), the Applicants, the Escrow Agent and the Proxy, Information and Exchange Agent, all of the foregoing each in their capacity as such.

"**AIMCo**" means Alberta Investment Management Corporation.

"**Amended First Lien Credit Agreement**" means the First Lien Credit Agreement as amended by the First Lien Credit Agreement Amendment in connection with the Plan of Arrangement.

"**Applicants**" means, collectively, Calfrac, ArrangeCo, Calfrac (Canada) Inc., Calfrac Well Services Corp. and Calfrac LP, by its general partner, Calfrac (Canada) Inc.

"**ArrangeCo**" means 12178711 Canada Inc., a corporation existing under the laws of Canada.

"**Arrangement**" means the arrangement under section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments, modifications and/or supplements thereto made in accordance with the Arrangement Agreement, the Noteholder Support Agreement and the Plan of Arrangement, or otherwise with the consent of the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably.

"**Arrangement Agreement**" means the arrangement agreement dated effective August 7, 2020, among the Applicants, as it may be amended, modified and/or supplemented from time to time.

"**Articles of Arrangement**" means the articles of arrangement of the Applicants in respect of the Arrangement, in form and substance satisfactory to the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably, that are required to be filed with the CBCA Director in order for the Arrangement to become effective on the Effective Date.

"**ASOP**" means the Automated Subscription Offer Program (ASOP) system operated by DTC.

"**ATOP**" means the Automated Tender Offer Program (ATOP) system operated by DTC.

"**Board of Directors**" or "**Board**" means the board of directors of Calfrac.

"**Business Day**" means any day, other than a Saturday, Sunday or a statutory or civic holiday, on which banks are generally open for business in Calgary, Alberta, New York, New York and Toronto, Ontario.

"**By-Laws**" means the proposed new by-laws of the Company after the Continuance consisting of By-Law No. 1, By-Law No. 2 and By-Law No. 3, substantially in the forms set out in Appendix "D" to this Circular.

"**Calfrac**" or "**Company**" means Calfrac Well Services Ltd., a corporation existing under the laws of the Province of Alberta.

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

"**Canadian Dollars**" or "**$**" means the lawful currency of Canada.

"**Canadian Securities Laws**" means collectively, and, as the context may require, the applicable securities laws of each of the provinces of Canada, and the respective regulations and rules made under those securities laws together with all applicable published policy statements, instruments, blanket orders, and rulings of the Canadian Securities Commissions and all discretionary orders or rulings, if any, of the Canadian Securities Commissions and all discretionary orders or rulings, if any, of the Canadian Securities Commissions made in connection with the transactions contemplated by the Plan of Arrangement together with applicable published policy statements of the Canadian Securities Administrators, as the context may require.

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended.

"**CBCA Director**" means the Director appointed under section 260 of the CBCA.

"**CBCA Opinion**" means the opinion of Peters & Co. dated July 13, 2020 in the form described in Industry Canada's Policy Statement 15.1 Policy Concerning Arrangements under section 192 of the CBCA.

"**CBCA Proceedings**" means the proceedings commenced by the Applicants under the CBCA in connection with the Plan of Arrangement.

"**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

"**CDS**" means the CDS Clearing and Depository Services Inc. and its successors and assigns.

"**Certificate of Arrangement**" means the certificate giving effect to the Arrangement, to be issued by the CBCA Director pursuant to section 192(7) of the CBCA upon receipt of the Articles of Arrangement in accordance with section 262 of the CBCA.

"**Chapter 15 Proceedings**" means the proceedings commenced by the Applicants with the United States Bankruptcy Court for the Southern District of Texas for recognition of the CBCA Proceedings in the United States, pursuant to chapter 15 of the *United States Bankruptcy Code*.

"**Circular**" means this management information circular, as it may be amended, modified and/or supplemented from time to time, subject to the terms of the Preliminary Interim Order, the Interim Order or any other Order of the Court.

"**Claim**" means any right or claim of any Person that may be asserted or made in whole or in part against the applicable Persons, or any of them, in any capacity, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, whether at law or in equity, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, any legal, statutory, equitable or fiduciary duty), by reason of any right of setoff, counterclaim or recoupment, or by reason of any equity interest, right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and together with any security enforcement costs or legal costs associated with any such claim, and whether or not any indebtedness, liability or obligation is reduced to judgment,

liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, by guarantee, warranty, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature, including any claim made or asserted against the applicable Persons, or any of them, through any affiliate, subsidiary, associated or related Person, or any right or ability of any Person to advance a claim for an accounting, reconciliation, contribution, indemnity, restitution or otherwise with respect to any matter, grievance, action (including any class action or proceeding before an administrative or regulatory tribunal), cause or chose in action, whether existing at present or commenced in the future.

"**Commitment**" means, collectively in respect of each Commitment Party, its Direct Commitment and its Shortfall Commitment.

"**Commitment Consideration Shares**" means such number of post-Share Consolidation Common Shares equal to $1,500,000 divided by the Conversion Price in effect at the Effective Time, to be issued, in the aggregate, to ArrangeCo, as agent for the Funding Commitment Parties, on the Effective Date in accordance with the Plan of Arrangement.

"**Commitment Joinder Agreement**" means an agreement substantially in the form of Schedule "G" to the Commitment Letter.

"**Commitment Letter**" means the Commitment Letter dated as of July 13, 2020 among Calfrac, MATCO, G2S2, certain Senior Unsecured Noteholders forming part of the Ad Hoc Committee, and any Additional Commitment Parties that execute a Commitment Joinder Agreement from time to time in accordance with the terms of the Commitment Letter.

"**Commitment Parties**" means, collectively, the Initial Commitment Parties and the Additional Commitment Parties, and their respective permitted assigns, and "**Commitment Party**" means any one of them.

"**Commitment Party Funding Deadline**" means 5:00 p.m. (Calgary time) on September 28, 2020, or such other date as the Applicants and the Majority Commitment Parties may agree, each acting reasonably.

"**Commitment Pro Rata Share**" means, in respect of a Commitment Party, the pro rata share of such Commitment Party as set out in Schedule "B" to the Commitment Letter, as such pro rata share may be adjusted from time to time pursuant to sections 10(d) or 13(h) of the Commitment Letter.

"**Common Shares**" means common shares in the capital of Calfrac.

"**Consenting Noteholders**" means each Senior Unsecured Noteholder that is party to the Noteholder Support Agreement (including pursuant to a Support Joinder Agreement).

"**Consolidation Ratio**" means the consolidation of Common Shares on a 50 to 1 basis, pursuant to the Plan of Arrangement.

"**Continuance**" means the continuation of Calfrac from the ABCA to the CBCA pursuant to section 189 of the ABCA.

"**Continuance Dissent Right**" means the right of Registered Shareholders to exercise a right of dissent under section 191 of the ABCA.

"**Continuance Dissenting Shareholder**" means a Registered Shareholder who exercises the Continuance Dissent Right in respect of the Continuance in strict compliance with the ABCA.

"**Continuance Resolution**" means the special resolution of the shareholders approving the Continuance, the full text of which is set forth in Appendix "B" to this Circular.

"**Conversion Price**" means an amount equal to $1.3325 per post-Share Consolidation Common Share, being the conversion price under the New 1.5 Lien Note Indenture, and subject to adjustment in accordance therewith.

"**Court**" means the Court of Queen's Bench of Alberta.

"**Depositary**" means Computershare Investor Services Inc.

"**Direct Commitment**" means, in respect of each Commitment Party, its respective Commitment Pro Rata Share of the Initial Commitment Amount of the New 1.5 Lien Notes.

"**Direct Commitment Funded Amount**" has the meaning ascribed thereto in the Plan of Arrangement.

"**Direct Commitment Private Placement**" means the private placement of New 1.5 Lien Notes to Commitment Parties in an aggregate amount equal to the Initial Commitment Amount.

"**Director**" means the Director appointed pursuant to section 260 of the CBCA.

"**DSU Plan**" means Calfrac's deferred share unit plan dated October 15, 2004.

"**DSUs**" means deferred share units issued pursuant to the DSU Plan.

"**DTC**" means the Depository Trust Company and its nominees, successors and assigns.

"**Early Consent Date**" means 5:00 p.m. (Calgary time) on September 8, 2020, or such later date as the Applicants may determine, in consultation with the Initial Consenting Noteholders.

"**Early Consent Shares**" means the post-Share Consolidation Shares that comprise the Early Consenting Noteholder New Common Share Pool.

"**Early Consenting Noteholder New Common Share Pool**" means 2,184,252 post-Share Consolidation Common Shares, subject to the treatment of fractional interests in accordance with the Plan of Arrangement, representing 6% of the aggregate Common Shares issued and outstanding immediately following the implementation of section 5.3(b) of the Plan of Arrangement (but, for greater certainty, before further dilution as a result of the issuance of the Commitment Consideration Shares pursuant to section 5.3(e) of the Plan of Arrangement), and subject to adjustment in accordance with section 4.6 of the Plan of Arrangement.

"**Early Consenting Noteholder Pro Rata Share**" means, in respect of an Early Consenting Noteholder, (a) the total principal amount of Senior Unsecured Notes held by that Early Consenting Noteholder as at the Record Date, divided by (b) the aggregate principal amount of Senior Unsecured Notes held by all Early Consenting Noteholders as at the Record Date.

"**Early Consenting Noteholders**" means the Senior Unsecured Noteholders who, on or prior to the Early Consent Date, provide voting instructions to vote in favour of the Plan of Arrangement and do not subsequently withdraw such voting instructions.

"**EBITDA**" means net earnings (loss) from operations before interest, taxes, depletion, depreciation and amortization.

"**Effective Date**" means the date shown on the Certificate of Arrangement issued by the CBCA Director**.**

"**Effective Time**" means 12:01 a.m. (Calgary time) on the Effective Date, or such other time as the Applicants and the Initial Consenting Noteholders may agree, each acting reasonably.

"**Electing Noteholder**" means a beneficial Eligible Noteholder whose Intermediary has submitted a Participation Form (or Master Participation Form) on behalf of such Eligible Noteholder in advance of the Participation Deadline in accordance with the terms of the Plan of Arrangement and the Interim Order, and the procedures set out in this Circular, the Participation Form and the Master Participation Form indicating that it intends to participate in the Pro Rata Offering.

"**Electing Noteholder Amount**" means, as to any Electing Noteholder, the amount of New 1.5 Lien Notes which the Electing Noteholder has elected to subscribe for, but not to exceed an amount equal to its Electing Noteholder Pro Rata Share of the Pro Rata Offering Amount.

"**Electing Noteholder Pro Rata Share**" means, in respect of an Electing Noteholder, (a) the total principal amount of Senior Unsecured Notes held by that Electing Noteholder as at the Participation Record Date, divided by (b) the aggregate principal amount of Senior Unsecured Notes held by all Senior Unsecured Noteholders as at the Participation Record Date.

"**Eligible Noteholder**" means a Senior Unsecured Noteholder (including any Commitment Party) holding Senior Unsecured Notes as at the Participation Record Date that: (a) if such Person is in the United States, is (A) an institution that is an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the U.S. Securities Act or (B) a "qualified institutional buyer" as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act; and (b) if such Person is resident in Canada or otherwise outside of the United States, is qualified to participate in the Pro Rata Offering in accordance with the Laws of its jurisdiction of residence, including Regulation S under the U.S. Securities Act and it has provided evidence satisfactory to the Applicants to demonstrate such qualification.

"**Equity-Based PSUs**" means equity-based performance share units issued pursuant to the PSU Plan.

"**Escrow Agent**" means Kingsdale Partners LP, or such other escrow agent as may be agreed by the parties to the escrow agreement entered into in connection with the Pro Rata Offering and the Direct Commitment Private Placement, in form and substance satisfactory to the Applicants, and the Majority Commitment Parties, each acting reasonably.

"**Existing Equity**" means all Existing Shares and all options, warrants, rights, share units or similar instruments derived therefrom, relating to, or exercisable, convertible or exchangeable therefor, including the awards issued pursuant to the Incentive Plans, but excluding the New 1.5 Lien Notes and the New Common Shares.

"**Existing Equity Holders**" means holder of any Existing Equity.

"**Existing Intercreditor Agreement**" means the intercreditor and priority agreement dated February 14, 2020 entered into between the Company, Calfrac LP and Calfrac Well Services Corp., as debtors, the Second Lien Notes Trustee, as trustee and collateral agent for the holders of the Second Lien Notes and the First Lien Agent, as agent under the First Lien Credit Agreement.

"**Existing Shares**" means all Common Shares outstanding immediately prior to the Effective Time.

"**Fairness Opinion**" means the fairness opinion dated July 13, 2020 provided by Peters & Co.

"**Final Order**" means the Order of the Court approving the Arrangement under section 192 of the CBCA, which shall include such terms as may be necessary or appropriate to give effect to the Arrangement and the Plan of Arrangement, in form and substance satisfactory to the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably.

"**Financial Advisors**" means the financial advisors of the Company, being Tudor, Pickering, Holt & Co. / Perella Weinberg Partners and RBC Capital Markets Inc.

"**First Lien Agent**" means HSBC Bank Canada, as agent under the First Lien Credit Agreement, and any successor thereto.

"**First Lien Credit Agreement**" means the amended and restated credit agreement made as of April 30, 2019 between Calfrac, as borrower, the First Lien Lenders, and the First Lien Agent, as amended, restated or supplemented from time to time.

"**First Lien Credit Agreement Amendment**" means the amendment to the First Lien Credit Agreement entered into in connection with the Plan of Arrangement.

"**First Lien Credit Facility**" means, collectively, the Syndicated Facility and the Operating Facility (as such terms are defined in the First Lien Credit Agreement) established pursuant to the First Lien Credit Agreement.

"**First Lien Lenders**" means HSBC Bank Canada and each of the other financial institutions party to the First Lien Credit Agreement, as lenders.

"**Funded Amounts**" means, collectively, the Electing Noteholder Funded Amount, the Direct Commitment Funded Amount and the Shortfall Commitment Funded Amount.

"**Funding Commitment Party**" means a Commitment Party: (a) in respect of whom the Commitment Letter has not been terminated; and (b) who has deposited in escrow with the Escrow Agent its Direct Commitment in full in cash by the Commitment Party Funding Deadline and, if applicable, the Shortfall Commitment in full in cash by the Commitment Party Funding Deadline, in accordance with the Commitment Letter and the Plan of Arrangement.

"**Funding Deadline**" means 5:00 p.m. (Calgary time) on September 24, 2020, or such other date as the Applicants and the Majority Commitment Parties may agree, each acting reasonably.

"**Funding Electing Noteholder**" has the meaning ascribed thereto in the Plan of Arrangement.

"**G2S2**" means G2S2 Capital Inc.

"**Governmental Entity**" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board.

"**Incentive Plans**" means, as applicable, Calfrac's Stock Option Plan, PSU Plan and DSU Plan, in each case, as amended from time to time.

"**Independent Directors**" means, collectively, Gregory S. Fletcher, James S. Blair, Kevin R. Baker, Douglas R. Ramsay and Lorne A. Gartner.

"**Initial Commitment Amount**" means an amount equal to $45,000,000.

"**Initial Commitment Parties**" means those Persons that entered into the Commitment Letter as of July 13, 2020, as the "Initial Commitment Parties" thereunder, and their permitted assigns.

"**Initial Consenting Noteholders**" means collectively, the Senior Unsecured Noteholders who are identified as "Initial Consenting Noteholders" in the Noteholder Support Agreement.

"**Insider**" means "reporting insiders" as defined in National Instrument 55-104 — *Insider Reporting Requirements and Exemptions* of the Canadian Securities Administrators.

"**Interim Order**" means the interim order of the Court in respect of the Applicants granted on August 7, 2020, which, among other things, approves the calling of, and the date for, the Meetings, as such order may be amended from time to time in a manner acceptable to the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably.

"**Intermediary**" means a broker, custodian, investment dealer, nominee, bank, trust company or other intermediary.

"**Investor Rights Agreement**" means an agreement to be entered into among Calfrac and the Initial Commitment Parties with respect to certain matters as contemplated by Schedule "H" to the Commitment Letter, in form and substance satisfactory to Calfrac and the Initial Commitment Parties, acting reasonably.

"**Law**" or "**Laws**" means any law, statute, constitution, treaty convention, code, injunction, order, decree, consent decree, judgment, rule, regulation, ordinance or other pronouncement having the effect of law whether in Canada, the United States or any other country, or any domestic or foreign state, county, province, city or other political subdivision or of any Governmental Entity.

"**Letter of Transmittal**" means the letter of transmittal to be completed by registered holders of Existing Shares as a condition to receiving such Shareholder's post-Share Consolidation Common Shares pursuant to the Plan of Arrangement.

"**Majority Commitment Parties**" means Commitment Parties whose aggregate Commitment Pro Rata Share exceeds $66^{2/3}\%$, provided that such Commitment Parties must include at least one member of the Ad Hoc Committee (as at the date of the Commitment Letter) whose Commitment Pro Rata Share as at the applicable date of determination is at least 80% of its Commitment Pro Rata Share on the date of the Commitment Letter (or, if applicable, following any adjustment to such Commitment Pro Rata Share in respect of Reallocated Pro Rata Share pursuant to section 10(c) of the Commitment Letter), but only to the extent that any such member of the Ad Hoc Committee continues to satisfy such requirement as at the applicable determination date.

"**Management**" means the management of the Company as of the date of this Circular.

"**Market Price**" means the volume weighted average trading price of the Common Shares on the TSX for the five (5) consecutive trading days immediately preceding the relevant date, and where the weighted average trading price is calculated by dividing the total value by the total volume of Common Shares traded for such period.

"**Master Participation Form**" means the master participation form (or other aggregation form acceptable to the Applicants) to be completed by Intermediaries on behalf of Eligible Noteholders and submitted in advance of the Participation Deadline in order to make certain elections relating to participation in the Pro Rata Offering.

"**MATCO**" means MATCO Investments Ltd.

"**Maturity Date**" means the maturity date of the New 1.5 Lien Notes, being the date three (3) years from the Effective Date.

"**Meetings**" means, collectively, the Senior Unsecured Noteholders' Meeting and the Shareholders' Meeting.

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

"**New 1.5 Lien Note Documents**" means the New 1.5 Lien Note Indenture and all related guarantee, security, intercreditor agreements and other documents related to the issuance of the New 1.5 Lien Notes.

"**New 1.5 Lien Note Indenture**" means the senior secured note indenture to be entered into between Calfrac, the Obligors and the New 1.5 Lien Note Trustee on the Effective Date on terms substantially as described in this Circular and/or as may otherwise be agreed by the Applicants and the Initial Commitment Parties, each acting reasonably, and which shall govern the New 1.5 Lien Notes and pursuant to which the New 1.5 Lien Notes will be issued.

"**New 1.5 Lien Note Offering**" means, collectively, the Direct Commitment Private Placement and the Pro Rata Offering.

"**New 1.5 Lien Note Trustee**" means Computershare Trust Company of Canada.

"**New 1.5 Lien Notes**" means in aggregate the $60,000,000 in new senior secured convertible payment-in-kind notes (comprised of the Initial Commitment Amount and Pro Rata Offering Amount) to be issued on the Effective Date pursuant to the Plan of Arrangement and the New 1.5 Lien Note Indenture.

"**New Common Shares**" means those newly issued Common Shares to be issued to the Senior Unsecured Noteholders, the Early Consenting Noteholders and Commitment Parties on the Effective Date pursuant to the Plan of Arrangement.

"**New Intercreditor Agreement**" means the intercreditor and priority agreement to be entered into between the Company, Calfrac LP and Calfrac Well Services Corp., as debtors, the New 1.5 Lien Note Trustee, as trustee and collateral agent for the holders of the New 1.5 Lien Notes, and the First Lien Agent, as agent under the First Lien Credit Agreement.

"**Noteholder Support Agreement**" mean, collectively, the noteholder support agreements (including all schedules attached thereto) among Calfrac and the Senior Unsecured Noteholders party thereto dated on or after July 13, 2020, entered into in respect of the Recapitalization Transaction and pursuant to which such Senior Unsecured Noteholders have agreed to vote their Senior Unsecured Notes in favour of the Recapitalization Transaction and Plan of Arrangement, as such agreements may be amended, modified and/or supplemented from time to time.

"**Notice of Application**" means the notice of application in respect of the Final Order, as amended from time to time.

"**Notices of Meeting**" means, the Senior Unsecured Noteholders' Notice and the Shareholders' Notice.

"**Obligations**" means all liabilities, duties and obligations, including without limitation principal and interest, any make whole, redemption or similar premiums, reimbursement obligations, fees, penalties, damages, guarantees, indemnities, costs, expenses or otherwise, and any other liabilities, duties or obligations, whether direct or indirect, absolute or contingent, known or unknown, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the applicable Senior Unsecured Note Document.

"**Obligors**" means, collectively, Calfrac LP and Calfrac Well Services Corp.

"**Omnibus Incentive Plan**" means a new omnibus incentive plan for Calfrac, acceptable to Calfrac and the Initial Consenting Noteholders, which Omnibus Incentive Plan shall provide for the granting of various types of equity awards, including stock options, share appreciation rights, restricted shares, restricted share units, performance share units, deferred share units and other share-based awards as determined by the Board (or the applicable compensation committee) following the Effective Date, and which Omnibus Incentive Plan shall provide for the issuance of Common Shares comprising an aggregate amount not exceeding 10% of the aggregate number of issued and outstanding Common Shares of Calfrac from time to time (less any Common Shares reserved for issuance under other security-based compensation arrangements), as determined from time to time by the Board in accordance with such Omnibus Incentive Plan.

"**Opinions**" means the CBCA Opinion and the Fairness Opinion.

"**Options**" means options to acquire Common Shares of Calfrac which are outstanding under the Stock Option Plan immediately prior to the Effective Time.

"**Order**" means any order entered by the Court in the CBCA Proceedings or the Chapter 15 Proceedings.

"**Outside Date**" has the meaning given to such term in the Support Agreement.

"**Participation Deadline**" means 5:00 p.m. (Calgary time) on September 11, 2020, or such later date as the Applicants and the Majority Commitment Parties may agree, each acting reasonably.

"**Participation Form**" means the participation form to be circulated to Senior Unsecured Noteholders pursuant to the Interim Order and completed and submitted by such Eligible Noteholders (or their respective Intermediaries on their

behalf) in advance of the Participation Deadline in order to make certain acknowledgments, agreements and certifications (as applicable to the applicable Eligible Noteholder) required to participate in the Pro Rata Offering.

"**Participation Record Date**" means 12:00 p.m. (Calgary time) on August 24, 2020.

"**Person**" means an individual, a corporation, a partnership, a limited liability company, organization, trustee, executor, administrator, a trust, an unincorporated association, a Governmental Entity or any agency, instrumentality or political subdivision of a Governmental Entity, or any other entity or body.

"**Peters & Co.**" means Peters & Co. Limited.

"**Plan of Arrangement**" means the plan of arrangement substantially in the form and content of Appendix "H" to this Circular and any amendments, modifications and/or supplements thereto made in accordance with the terms thereof.

"**Preliminary Interim Order**" means the preliminary interim order of the Court in respect of the Applicants granted on July 13, 2020, which, among other things, included a stay of proceedings in favour of Calfrac and the other Applicants in respect of any defaults that may result from Calfrac's decision to initiate the CBCA Proceedings or arising in connection with Calfrac's election to defer the cash interest payment due on June 15, 2020 in respect of its outstanding Senior Unsecured Notes, and authorized Calfrac to seek recognition of the CBCA Proceedings in the United States.

"**Pro Rata Offering**" means the offering of New 1.5 Lien Notes to Eligible Noteholders, in an aggregate amount equal to the Pro Rata Offering Amount.

"**Pro Rata Offering Amount**" means an amount equal to $15,000,000.

"**Proxy, Information and Exchange Agent**" means Kingsdale Advisors.

"**PSU Plan**" means Calfrac's performance share unit plan dated October 15, 2004.

"**PUC**" has the meaning ascribed thereto under the heading "*Certain Canadian Federal Income Tax Considerations - Stated Capital Reduction*".

"**Recapitalization Transaction**" means the Continuance and the transactions contemplated by the Plan of Arrangement, including, without limitation, the Share Consolidation, the Senior Unsecured Note Exchange (including the issuance of the Early Consent Shares), the Direct Commitment Private Placement and the Pro Rata Offering.

"**Record Date**" means August 10, 2020.

"**Registered Senior Unsecured Noteholder**" means a Senior Unsecured Noteholder as shown on the register maintained by or on behalf of Calfrac for the Senior Unsecured Notes.

"**Registered Shareholder**" means a Shareholder as shown in the register maintained by or on behalf of Calfrac for the Common Shares.

"**Registration Rights Agreement**" means the registration rights agreement to be entered into on the Effective Date between Calfrac and the Initial Commitment Parties, providing for the qualification for sale of the shares of Calfrac in Canada, in a form acceptable to Calfrac and the Initial Commitment Parties, each acting reasonably.

"**Regulation S**" means Regulation S adopted by the SEC under the 1933 Act.

"**Released Claims**" has the meaning ascribed thereto in the Plan of Arrangement.

"**Released Parties**" means, collectively, the Applicants, the Shareholders, the Commitment Parties, the Electing Noteholders, the Consenting Noteholders, the Senior Unsecured Notes Trustee, the First Lien Lenders, the First Lien

Agent, the Escrow Agent, the Proxy, Information and Exchange Agent and each of the foregoing Persons' respective principals, members, managed accounts or funds, fund advisors, current and former directors and officers, employees, financial and other advisors, legal counsel and agents, all of the foregoing each in their capacity as such.

"**SEC**" means the United States Securities and Exchange Commission.

"**SEDAR**" means the Canadian System for Electronic Document Analysis and Retrieval.

"**Second Lien Note Documents**" means, collectively, the Second Lien Note Indenture, the Second Lien Notes, and all other documentation related to the foregoing or governing the Second Lien Notes.

"**Second Lien Note Indenture**" means the indenture dated February 14, 2020 among Calfrac LP, as issuer of the Second Lien Notes, Calfrac and Calfrac Well Services Corp., as initial guarantors, and the Second Lien Notes Trustee.

"**Second Lien Noteholders**" means a holder or holders of the Second Lien Notes, in their capacity as such.

"**Second Lien Notes**" means the 10.875% second lien secured notes of Calfrac LP in the maximum aggregate amount of US$120,000,100 due 2026 and issued and outstanding pursuant to the Second Lien Note Indenture.

"**Second Lien Notes Trustee**" means Wilmington Trust, National Association, in its capacity as trustee under the Second Lien Note Indenture, and any successor thereof.

"**Securities Laws**" means collectively, Canadian Securities Laws and U.S. Securities Laws.

"**Securityholder**" means a Senior Unsecured Noteholder or a Shareholder.

"**Senior Unsecured Note Documents**" means, collectively, the Senior Unsecured Note Indenture, the Senior Unsecured Notes, and all other documentation related to the foregoing or governing the Senior Unsecured Notes.

"**Senior Unsecured Note Exchange**" means that component of the Recapitalization Transaction pursuant to which, in exchange for the Senior Unsecured Notes issued by Calfrac LP, and in full and final settlement of the Senior Unsecured Noteholder Claims, Calfrac (for the benefit and on behalf of Calfrac LP) shall issue: (a) to the Senior Unsecured Noteholders approximately 31,307,618 post-Share Consolidation Common Shares comprising the Senior Unsecured Noteholder New Common Share Pool, to be allocated to the Senior Unsecured Noteholders on the basis of their Senior Unsecured Noteholder Pro Rata Share; and (b) to such Senior Unsecured Noteholders who are Early Consenting Noteholders, approximately 2,184,252 post-Share Consolidation Common Shares comprising the Early Consenting Noteholder New Common Share Pool, to be allocated to the Early Consenting Noteholders on the basis of their Early Consenting Noteholder Pro Rata Share.

"**Senior Unsecured Note Indenture**" means the indenture dated May 30, 2018 among Calfrac LP, as issuer of the Senior Unsecured Notes, Calfrac and Calfrac Well Services Corp., as initial guarantors, and the Senior Unsecured Notes Trustee.

"**Senior Unsecured Noteholder Claims**" means all outstanding Obligations owing by any Person, whether as issuer, guarantor or otherwise, with respect to the Senior Unsecured Notes or the Senior Unsecured Notes Indenture as at the Effective Date, including, without limitation, all outstanding principal, accrued and unpaid interest at the applicable contract rate, and any fees and other payments (including any applicable prepayment and/or make-whole amounts) as at the Effective Date.

"**Senior Unsecured Noteholder New Common Share Pool**" means 31,307,618 post-Share Consolidation Common Shares, subject to the treatment of fractional interests in accordance with the Plan of Arrangement, representing 86% of the aggregate Common Shares issued and outstanding immediately following the implementation of section 5.3(b) of the Plan of Arrangement (but, for greater certainty, before further dilution as a result of the issuance of the Commitment Consideration Shares pursuant to section 5.3(e) of the Plan of Arrangement), and subject to adjustment in accordance with section 4.6 of the Plan of Arrangement.

"**Senior Unsecured Noteholder Pro Rata Share**" means, in respect of a Senior Unsecured Noteholder, (i) the total principal amount of Senior Unsecured Notes held by that Senior Unsecured Noteholder immediately prior to the Effective Time, divided by (ii) the aggregate principal amount of Senior Unsecured Notes held by all Senior Unsecured Noteholders immediately prior to the Effective Time.

"**Senior Unsecured Noteholder VIEF**" means the Senior Unsecured Noteholder voting information and election form.

"**Senior Unsecured Noteholders**" means holders of Senior Unsecured Notes (including, as the context requires, beneficial holders of Senior Unsecured Notes).

"**Senior Unsecured Noteholders' Arrangement Resolution**" means the resolution of the Senior Unsecured Noteholders relating to the Arrangement to be considered at the Senior Unsecured Noteholders' Meeting, substantially in the form attached as Appendix "A" to the Circular.

"**Senior Unsecured Noteholders' Meeting**" means the meeting of the Senior Unsecured Noteholders as of the Record Date called and held pursuant to the Interim Order for the purpose of considering and voting on the Senior Unsecured Noteholders' Arrangement Resolution and to consider such other matters as may properly come before such meeting and includes any adjournment(s) or postponement(s) of such meeting.

"**Senior Unsecured Noteholders' Meeting Package**" means, collectively, this Circular (including the Senior Unsecured Noteholders' Notice, the Notice of Application and the Interim Order), the Participation Form, the Master Participation Form and the Senior Unsecured Noteholder VIEF, along with such amendments or additional documents as the Applicants may determine are necessary or desirable and not inconsistent with the terms of the Interim Order.

"**Senior Unsecured Noteholders' Notice**" means the notice of the Senior Unsecured Noteholders' Meeting.

"**Senior Unsecured Notes**" means the 8.50% senior unsecured notes of Calfrac LP in the maximum aggregate amount of US$650,000,000 due 2026 and issued and outstanding pursuant to the Senior Unsecured Note Indenture.

"**Senior Unsecured Notes Trustee**" means the Bank of Oklahoma, as trustee, in its capacity as trustee under the Senior Unsecured Note Indenture, and any successor thereof.

"**Share Consolidation**" means the consolidation of the Common Shares pursuant to the Plan of Arrangement on the basis of one Common Share (on a post-consolidation basis) for every 50 Common Shares (on a pre-consolidation basis).

"**Shareholder Rights Plan**" means the shareholder rights plan for Calfrac, in a form acceptable to Calfrac, the Initial Commitment Parties and the Initial Consenting Noteholders, the terms and conditions of which are summarized in Appendix "K" to this Circular.

"**Shareholder Support Agreement**" mean, collectively, the shareholder support agreements (including all schedules attached thereto) among Calfrac and the Supporting Shareholders relating to the Recapitalization Transaction, as such agreements may be amended, modified and/or supplemented from time to time.

"**Shareholders**" means the holders of Common Shares.

"**Shareholders' Arrangement Resolution**" means the resolution of the Shareholders relating to the Arrangement to be considered at the Shareholders' Meeting, substantially in the form attached as Appendix "B" to this Circular.

"**Shareholders' Meeting**" means the meeting of the Shareholders as of the Record Date called and held pursuant to the Interim Order for the purpose of considering and voting on the Shareholders' Arrangement Resolution and to consider such other matters as may properly come before such meeting and includes any adjournment(s) or postponement(s) of such meeting.

"**Shareholders' Meeting Package**" means, collectively, this Circular (including the Shareholders' Notice, the Notice of Application and the Interim Order), the form of proxy, the Letter of Transmittal and a voting instruction form, along with such amendments or additional documents as the Applicants may determine are necessary or desirable and not inconsistent with the terms of the Interim Order.

"**Shareholders' Notice**" means the notice of the Shareholders' Meeting.

"**Shareholders' TSX 1.5 Lien Notes Resolution**" means the resolution of the applicable disinterested Shareholders as of the Record Date approving the issuance of the New 1.5 Lien Notes: (a) at a conversion price that exceeds the maximum discount permitted by the TSX and which could result in dilution of in excess of 25% of the then issued and outstanding Common Shares; (b) that could, upon conversion of the New 1.5 Lien Notes, materially affect control of the Company; and (c) where the number of shares issuable to Insiders of the Company as a group, upon conversion of the New 1.5 Lien Notes, exceeds 10% of the then issued and outstanding Common Shares, substantially in the form as set out in Appendix "B" to this Circular.

"**Shareholders' TSX Note Exchange Resolution**" means the resolution of the applicable disinterested Shareholders as of the Record Date approving the issuance of New Common Shares up to a maximum of 33,491,870 New Common Shares pursuant to the Senior Unsecured Note Exchange where the number of shares issuable to Insiders of the Company as a group exceeds 10% of the then issued and outstanding Common Shares, substantially in the form as set out in Appendix "B" to this Circular.

"**Shareholders' TSX Omnibus Incentive Plan Resolution**" means the resolution of the Shareholders as of the Record Date approving the adoption of the Omnibus Incentive Plan, the full text of which is set forth in Appendix "B" to this Circular.

"**Shareholders' TSX Resolutions**" means the Shareholders' TSX Note Exchange Resolution, the Shareholders' TSX 1.5 Lien Notes Resolution, the Shareholders' TSX Omnibus Incentive Plan Resolution and the Shareholders' TSX Shareholder Rights Plan Resolution.

"**Shareholders' TSX Shareholder Rights Plan Resolution**" means the resolution of the Shareholders as of the Record Date approving the adoption of the Shareholder Rights Plan, the full text of which is set forth in Appendix "B" to this Circular.

"**Shortfall Amount**" means the Pro Rata Offering Amount, less the aggregate Electing Noteholder Amounts which have been funded to and received by the Escrow Agent by the Funding Deadline by all Electing Noteholders.

"**Shortfall Commitment**" means: (a) in respect of each Commitment Party (other than G2S2 and MATCO), its respective Commitment Pro Rata Share of the Shortfall Amount; and (b) in respect of G2S2, the remaining Shortfall Amount after the application of (a) above.

"**Shortfall Commitment Funded Amount**" has the meaning ascribed thereto in the Plan of Arrangement.

"**Special Committee**" has the meaning ascribed thereto under the heading "*Background and Reasons for the Recapitalization Transaction – Background to the Recapitalization Transaction - Calfrac Special Committee Reviews the Wilks Brothers Proposal*".

"**Stated Capital Reduction**" has the meaning ascribed thereto under the heading "*Arrangement Steps*".

"**Stock Option Plan**" means Calfrac's stock option plan approved by the directors on December 5, 2017, and by the Shareholders on May 5, 2020.

"**Subscription Privilege**" means the non-transferable right of an Eligible Noteholder to participate in the Pro Rata Offering by electing, in accordance with the provisions of the Participation Form, to subscribe for and purchase from Calfrac up to its Electing Noteholder Pro Rata Share of the Pro Rata Offering Amount.

"**Superior Proposal**" has the meaning ascribed thereto in the Noteholder Support Agreements

"**Support Agreement**" means, collectively, the Noteholder Support Agreements and the Shareholder Support Agreements, along with any other support agreements with Shareholders or Senior Unsecured Noteholders pursuant to which such Shareholders or Senior Unsecured Noteholders have agreed, among other things and subject to the terms of such agreements, to vote in favour of the Arrangement.

"**Support Joinder Agreement**" means a joinder agreement, the form of which is appended to the form of Noteholder Support Agreement, pursuant to which a Senior Unsecured Noteholder agrees, among other things, to be bound by and subject to the terms of the Noteholder Support Agreement and thereby become a Consenting Noteholder thereunder.

"**Supporting Shareholders**" means the Shareholders who have entered into the Shareholder Support Agreements with the Company.

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1, as amended.

"**Transfer Agent**" means Computershare Trust Company of Canada.

"**TSX**" means the Toronto Stock Exchange.

"**TSX Conditional Listing Approval**" means the conditional listing approval of the TSX in respect of the New Common Shares issuable to the Senior Unsecured Noteholders pursuant to the Plan of Arrangement and the New Common Shares issuable on conversion of the New 1.5 Lien Notes.

"**US$**" or "**U.S. Dollars**" means the lawful currency of the United States of America.

"**U.S.**" or "**United States**" means the "United States" as defined in Regulation S.

"**U.S. Securities Laws**" means collectively, the 1933 Act and the 1934 Act.

"**Voting Deadline**" means 5:00 p.m. (Calgary time) on September 15, 2020.

"**Voting Parties**" means, collectively, the Senior Unsecured Noteholders and Shareholders that are entitled to vote at the Meetings, as applicable and "**Voting Party**" means any one of them.

"**Wilks Brothers**" means, collectively, Wilks Brothers, LLC, Dan Wilks and Staci Wilks.

"**Wilks Brothers Proposal**" has the meaning ascribed thereto under the heading "*Background to and Reasons for the Recapitalization Transaction – Background to the Recapitalization Transaction – Wilks Brothers Public Announcement*".

**CALFRAC HOLDINGS LP**

**NOTICE OF MEETING OF SENIOR UNSECURED NOTEHOLDERS**

TAKE NOTICE that, pursuant to an order (the "**Interim Order**") of the Court of Queen's Bench of Alberta (the "**Court**") dated August 7, 2020, a meeting (the "**Senior Unsecured Noteholders' Meeting**") of the registered holders (the "**Senior Unsecured Noteholders**") of 8.50% senior unsecured notes due 2026 (the "**Senior Unsecured Notes**") of Calfrac Holdings LP ("**Calfrac LP**") will be held in the McMurray Room at the Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta, at 1:00 p.m. (Calgary time) on September 17, 2020 for the following purposes:

1. to consider and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Senior Unsecured Noteholders' Arrangement Resolution**"), the full text of which is set out in Appendix "A" to the accompanying Circular, approving an arrangement (the "**Arrangement**") pursuant to section 192 of the *Canada Business Corporations Act* which Arrangement is more particularly described in the management information circular dated August 17, 2020 (the "**Circular**"); and

2. to transact such other business as may properly come before the Senior Unsecured Noteholders' Meeting or any adjournment thereof.

AND NOTICE IS HEREBY GIVEN that the Court has been advised that its order approving the Arrangement, if granted, will constitute the basis for an exemption from the registration requirements of the 1933 Act, as provided by section 3(a)(10) thereof, with respect to the issuance of certain New Common Shares to the Senior Unsecured Noteholders to be issued pursuant to the Arrangement.

Capitalized terms used herein, and not otherwise defined, have the meanings set forth in the Circular. Additional information on the above matters can be found in the Circular.

The record date for entitlement to notice of the Senior Unsecured Noteholders' Meeting has been set by the Court, subject to any further order by the Court, as of August 10, 2020 (the "**Record Date**"). Senior Unsecured Noteholders entitled to vote at the Senior Unsecured Noteholders' Meeting will be entitled to one vote for each US$1,000 principal amount of Senior Unsecured Notes held by such Senior Unsecured Noteholder as of 5:00 p.m. (Calgary time) on the Record Date in respect of the Senior Unsecured Noteholders' Arrangement Resolution and any other matters to be considered at the Senior Unsecured Noteholders' Meeting.

Subject to any further order of the Court, the Court has set the quorum for the Senior Unsecured Noteholders' Meeting at two or more persons entitled to vote at the Senior Unsecured Noteholders' Meeting present in person or represented by proxies.

The Circular, this notice, the form of Senior Unsecured Noteholder participation form, the Senior Unsecured Noteholder master participation form and the Senior Unsecured Noteholder voting information and election form (the "**Senior Unsecured Noteholder VIEF**", collectively, the "**Senior Unsecured Noteholders' Meeting Package**") are being distributed to Senior Unsecured Noteholders as at the Record Date and are available online under the Company's profile on SEDAR at www.sedar.com. Senior Unsecured Noteholders are reminded to thoroughly review the Senior Unsecured Noteholders' Meeting Package before voting.

**If you receive these materials through your broker, custodian, investment dealer, nominee, bank, trust company or other intermediary (an "Intermediary"), you should follow the instructions provided by such Intermediary in order to vote your Senior Unsecured Notes and receive certain consideration described in the Circular (if applicable).**

All Senior Unsecured Noteholders are requested to vote in accordance with the instructions provided in the Senior Unsecured Noteholder VIEF, as applicable. In order to cast a vote at the Senior Unsecured Noteholders' Meeting, beneficial holders of the Senior Unsecured Notes must submit to their respective Intermediaries at or prior to 5:00 p.m. (Calgary time) on September 15, 2020, or such later date as may be agreed by Calfrac, in consultation with the

Initial Consenting Noteholders in the event that the Senior Unsecured Noteholders' Meeting is postponed or adjourned (the "**Voting Deadline**") or such earlier deadline as an Intermediary may advise the applicable beneficial holder, their duly completed Senior Unsecured Noteholder VIEF (or such other documentation or information as the Intermediary may customarily request for purposes of obtaining voting and election instructions), following which Intermediaries shall provide such voting and election instructions to Kingsdale Advisors, Calfrac's proxy, information and exchange agent (the "**Proxy, Information and Exchange Agent**").

Senior Unsecured Noteholders that vote in favour of the Plan of Arrangement and submit their early consent election as set forth in the Circular by 5:00 p.m. (Calgary time) on September 8, 2020, or such later date as Calfrac may determine, in consultation with the Early Consenting Noteholders (the "**Early Consent Date**"), will be entitled to receive their Early Consenting Noteholder Pro Rata Share of the Early Consenting Noteholder New Common Share Pool as partial consideration for the exchange of their Senior Unsecured Notes, in addition to their Senior Unsecured Noteholder Pro Rata Share of the Senior Unsecured Noteholder New Common Share Pool on the terms set out in the Plan of Arrangement and the Circular. Senior Unsecured Noteholders that do not vote in favour of the Plan of Arrangement and submit their early consent election by the Early Consent Date will be entitled to receive only their Senior Unsecured Pro Rata Share of the Senior Unsecured Noteholder New Common Share Pool, and will not receive any portion of the Early Consenting Noteholder New Common Share Pool, as set out in the Plan of Arrangement and the Circular.

A Senior Unsecured Noteholder may appoint another person as his, her or its proxyholder by contacting Kingsdale Advisors, as the Proxy, Information and Exchange Agent, and following the instructions provided. Senior Unsecured Noteholders requiring assistance should contact the Proxy, Information and Exchange Agent. Persons appointed as proxyholders need not be Senior Unsecured Noteholders.

Subject to any further order of the Court, the Senior Unsecured Noteholders' Arrangement Resolution must be passed by at least two-thirds ($66^{2/3}$%) of the votes cast by the Senior Unsecured Noteholders entitled to vote at the Senior Unsecured Noteholders' Meeting and present in person or represented by proxy, voting together as a single class, at the Senior Unsecured Noteholders' Meeting. The implementation of the Arrangement is subject to, among other things, the approval of the Arrangement by the Court and other approvals as may be required by the Court and the TSX, any applicable regulatory approvals, and the satisfaction or waiver of other applicable conditions to the Arrangement. The hearing to seek Court approval of the Plan of Arrangement is scheduled to be heard at the Court, located at the Calgary Courts Centre at 601 - 5th Street S.W., Calgary Alberta, T2P 5P7 at 10:00 a.m. (Calgary time) on September 30, 2020, or such other date/time as the Court will advise.

Due to the current and continually evolving COVID-19 pandemic, the Company encourages its Senior Unsecured Noteholders to consider the advice and instructions of the Public Health Agency of Canada (www.canada.ca/en/public-health.html) and Alberta Health Services (www.albertahealthservices.ca) when deciding whether to attend the Senior Unsecured Noteholders' Meeting in person. Given the fundamental nature of the Recapitalization Transaction and the Senior Unsecured Noteholders' Meeting, the Company determined that the Senior Unsecured Noteholders' Meeting should be held in person. Access to the Senior Unsecured Noteholders' Meeting will be limited to essential personnel and Senior Unsecured Noteholders and duly appointed proxyholders entitled to attend and vote at the Meetings. The Company encourages Senior Unsecured Noteholders and duly appointed proxyholders to not attend the Meetings in person, particularly if they are experiencing any of the described COVID-19 symptoms. The Company encourages Senior Unsecured Noteholders to vote their respective Senior Unsecured Notes prior to the Senior Unsecured Noteholders' Meeting following the instructions set out in the form of proxy, voting information and election form received by such Senior Unsecured Noteholders, and further described in this Circular.

The Company may take additional precautionary measures in relation to the Senior Unsecured Noteholders' Meeting in response to further developments with the COVID-19 pandemic. In the event it is not possible or advisable to hold the Senior Unsecured Noteholders' Meeting in person, the Company will announce alternative arrangements for the Senior Unsecured Noteholders' Meeting as promptly as practicable, which may include holding the Senior Unsecured Noteholders' Meeting entirely by electronic means, telephone or other communication facilities. Please monitor our website at www.calfrac.com for updated information.

The Company will be providing a live webcast of the Meetings. Senior Unsecured Noteholders not attending the Senior Unsecured Noteholders' Meeting in person are encouraged to listen to the webcast. However, such Senior Unsecured Noteholders will not be able to vote through the webcast or otherwise participate in the Senior Unsecured Noteholders' Meeting. A link to the webcast will be available on the Company's website at www.calfrac.com.

DATED at Calgary, Alberta, this 17th day of August, 2020.

(Signed) "*Lindsay R. Link*"

Lindsay R. Link
President and Chief Operating Officer

**CALFRAC WELL SERVICES LTD.**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

TAKE NOTICE that, pursuant to an interim order (the "**Interim Order**") of the Court of Queen's Bench of Alberta (the "**Court**") dated August 7, 2020, a special meeting (the "**Shareholders' Meeting**") of the registered holders (the "**Shareholders**") of common shares (the "**Existing Shares**") of Calfrac Well Services Ltd. ("**Calfrac**" or the "**Company**") will be held in the McMurray Room at the Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta, at 2:00 p.m. (Calgary time) on September 17, 2020 to, among other things:

1. consider and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Continuance Resolution**") approving the continuance of Calfrac into the federal jurisdiction of Canada under the *Canada Business Corporations Act* (the "**Continuance**"), the full text of which resolution is set forth in Appendix "B" to the Circular, and as more particularly described in the accompanying management information circular dated August 17, 2020 (the "**Circular**");

2. consider and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Shareholders' Arrangement Resolution**"), the full text of which is set out in Appendix "B" to the accompanying Circular, approving an arrangement (the "**Arrangement**") pursuant to section 192 of the CBCA, which Arrangement is more particularly described in the Circular;

3. if the Shareholders' Arrangement Resolution is passed, to consider and, if deemed advisable, to pass the following resolutions (collectively, the "**Shareholders' TSX Resolutions**"), in each case the full text of which is set out in Appendix "B" to the accompanying Circular:

    (a) the Shareholders' TSX Note Exchange Resolution;

    (b) the Shareholders' TSX 1.5 Lien Notes Resolution;

    (c) the Shareholders' TSX Omnibus Incentive Plan Resolution; and

    (d) the Shareholders' TSX Shareholder Rights Plan Resolution; and

4. transact such other business as may properly come before the Shareholders' Meeting or any adjournment or adjournments thereof.

AND NOTICE IS HEREBY GIVEN that the Court has been advised that its order approving the Arrangement, if granted, will constitute the basis for an exemption from the registration requirements of the 1933 Act, as amended, as provided by section 3(a)(10) thereof, with respect to the issuance of the New Common Shares to be issued pursuant to the Arrangement.

Capitalized terms used herein, and not otherwise defined, have the meanings set forth in the Circular. Additional information on the above matters can be found in the Circular.

Calfrac reserves the right, in its sole discretion, to withdraw the Continuance Resolution, the Shareholders' Arrangement Resolution and any one or more of the Shareholders' TSX Resolutions from being put before the Shareholders' Meeting.

The record date for entitlement to notice of the Shareholders' Meeting is August 10, 2020 (the "**Record Date**"). At the Shareholders' Meeting, each Shareholder as of 5:00 p.m. (Calgary time) on the Record Date will be entitled to one vote for each Existing Share held as at the Record Date.

Subject to any further order of the Court, the Court has set the quorum for the Shareholders' Meeting at two or more persons entitled to vote at the Shareholders' Meeting present in person (including virtually or by telephone) or represented by proxy.

If you have any questions please contact Kingsdale Advisors at 1.877.659.1822 toll-free in North America or collect call outside North America at 1.416.867.2272 or by email at contactus@kingsdaleadvisors.com.

The Circular, this notice, the form of Shareholder proxy, the form of shareholder voting instruction form and a letter of transmittal (collectively, the "**Shareholders' Meeting Package**") are being mailed to Shareholders of record as at the Record Date and are available online under the Company's profile on SEDAR at www.sedar.com. Shareholders are reminded to thoroughly review the Shareholders' Meeting Package before voting.

**If you receive these materials through your broker, custodian, investment dealer, nominee, bank, trust company or other Intermediary (an "Intermediary"), you should follow the instructions provided by such Intermediary in order to vote your Existing Shares.**

All Shareholders are requested to vote in accordance with the instructions provided on the appropriate proxy or voting instruction form, as applicable, using one of the available methods. In order to be effective, proxies and voting instruction forms must be received by the Company's transfer agent at or prior to 5:00 p.m. (Calgary time) on September 15, 2020 or such later date as may be agreed by Calfrac, in consultation with the Initial Consenting Noteholders in the event that the Shareholders' Meeting is postponed or adjourned (the "**Voting Deadline**") or such earlier deadline as an Intermediary may advise the applicable beneficial holder. The Chair of the Meeting has discretion to accept proxies received after such deadline and the time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice.

Registered Shareholders can submit their proxy: (a) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5; (b) by hand delivery to Computershare Trust Company of Canada, 8th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; or (c) by facsimile to (403) 267-6529 or 1-866-249-7775. If you vote through the internet, you may also appoint another person to be your proxyholder who needs to attend the applicable Meeting for your vote to count. Please go to www.investorvote.com and follow the instructions. You will require your 15-digit control number found on your proxy form.

If you receive more than one proxy form because you own Common Shares registered in different names or addresses, each proxy form should be completed and returned.

If you receive these materials through an Intermediary, please complete and sign the materials in accordance with the instructions provided to you by such Intermediary. Failure to do so may result in your Existing Shares not being eligible to be voted at the Shareholders' Meeting.

A Shareholder may appoint another person as his, her or its proxyholder by following the instructions as provided. Shareholders requiring assistance should contact Kingsdale Advisors, as Proxy, Information and Exchange Agent. Persons appointed as proxyholders need not be Shareholders.

The Shareholders' Arrangement Resolution must be passed, with or without variation, at the Shareholders' Meeting by an affirmative vote of: (A) at least two-thirds ($66^{2/3}$%) of the votes cast in respect of the Shareholders' Arrangement Resolution at the Shareholders' Meeting in person or represented by proxy by the Shareholders; and (B) for the purposes of the approval of the issuance of New 1.5 Lien Notes and to the extent such issuance constitutes a "related party transaction" for the purposes of MI 61-101, a simple majority of the votes cast in respect of the Shareholders' Arrangement Resolution at the Shareholders' Meeting in person or represented by proxy by the Shareholders excluding the votes required to be excluded for majority of the minority approval at the Shareholders' Meeting for the purpose of MI 61-101 and to the extent required pursuant to MI 61-101. For such purposes, Common Shares held by Ronald P. Mathison and MATCO (and its affiliates) will be excluded from voting. To the knowledge of the Company, Ronald P. Mathison and MATCO (and its affiliates) collectively hold 28,834,321 Common Shares representing approximately 19.80% of the outstanding Common Shares.

The vote required to pass the Continuance Resolution is at least two-thirds ($66^{2/3}$%) of the votes cast by the Shareholders present in person or represented by proxy at the Shareholders' Meeting.

In accordance with the policies of the TSX, disinterested Shareholders of the Company must approve the following aspects of the Recapitalization Transaction and the issuance of the New 1.5 Lien Notes:

(a) The issuance of New Common Shares pursuant to the Senior Unsecured Note Exchange, where the number of New Common Shares issuable to Insiders of the Company as a group exceeds 10% of the then issued and outstanding Common Shares (pursuant to section 604(a)(ii) of the TSX Company Manual), to be approved by disinterested Shareholders by way of the Shareholders' TSX Note Exchange Resolution. For purposes of the Shareholders' TSX Note Exchange Resolution, Common Shares held by Insiders (including AIMCo and Wilks Brothers) participating in the Senior Unsecured Note Exchange will be excluded from voting. To the knowledge of the Company, AIMCo holds 24,080,121 Common Shares or approximately 16.54% of the outstanding Common Shares, and Wilks Brothers holds 28,720,172 Common Shares or approximately 19.72% of the outstanding Common Shares.

(b) The issuance of Common Shares upon the conversion of the New 1.5 Lien Notes: (i) which would "materially affect control" of the Company (as G2S2 and its affiliates would own in excess of 30% of the outstanding Common Shares and would be entitled to receive additional Common Shares upon the conversion of its New 1.5 Lien Notes); (ii) where the number of Common Shares issuable to Insiders of the Company as a group, upon conversion, exceeds 10% of the then issued and outstanding Common Shares; and (iii) at a conversion price that exceeds the maximum discount permitted by the TSX and which could result in dilution of in excess of 25% of the then issued and outstanding Common Shares (pursuant to sections 604(a)(i), 604(a)(ii), 607(e) and 607(g)(i) of the TSX Company Manual) to be approved by disinterested Shareholders by way of the Shareholders' TSX 1.5 Lien Notes Resolution. The Conversion Price of the New 1.5 Lien Notes represents a discount of 83.9% to the Market Price, which exceeds the maximum discount permitted by the TSX, and the total number of New Common Shares to be issued upon conversion of all New 1.5 Lien Notes would exceed 25% of the then issued and outstanding New Common Shares on a post-Share Consolidation basis. For purposes of the Shareholders' TSX 1.5 Lien Notes Resolution, Common Shares held by Shareholders who are participating in the New 1.5 Lien Offering (including MATCO) will be excluded from voting. For such purposes, Common Shares held by Ronald P. Mathison and MATCO (and its affiliates) will be excluded from voting. To the knowledge of the Company, Ronald P. Mathison and MATCO (and its affiliates) collectively hold 28,834,321 Common Shares representing approximately 19.80% of the outstanding Common Shares.

The vote required to pass each of the Shareholders' TSX Note Exchange Resolution and the Shareholders' TSX 1.5 Lien Notes Resolution is a majority of the votes cast by the applicable disinterested Shareholders present in person or represented by proxy at the Shareholders' Meeting.

The vote required to pass each of the Shareholders' TSX Omnibus Incentive Plan Resolution (in respect of the adoption of the Omnibus Incentive Plan) and the Shareholders' TSX Shareholder Rights Plan Resolution (in respect of the implementation of the Shareholder Rights Plan) is a majority of the votes cast by the Shareholders present in person or represented by proxy at the Shareholders' Meeting. In each regard, no Shareholders are excluded from voting on the Shareholders' TSX Omnibus Incentive Plan Resolution or the Shareholders' TSX Shareholder Rights Plan Resolution. The adoption of the Shareholder Rights Plan is subject to acceptance by the TSX.

Shareholders that hold Senior Unsecured Notes should contact Kingsdale Advisors, by: (i) telephone, toll-free in North America at 1-877-659-1822 or collect call outside North America at 1-416-867-2272; or (ii) e-mail to contactus@kingsdaleadvisors.com.

The implementation of the Arrangement is subject to, among other things, the approval of the Arrangement by the Senior Unsecured Noteholders at a separate meeting, other approvals as may be required by the Court and the TSX, any applicable regulatory approvals, the approval of the Court and the satisfaction or waiver of other applicable conditions to the Arrangement. The hearing to consider Court approval of the Arrangement is scheduled to be heard at the Court, located at the Calgary Courts Centre at 601 - 5th Street S.W., Calgary, Alberta, at 10:00 a.m. (Calgary time) on September 30, 2020. Pursuant to the Interim Order, Calfrac may seek Court approval of the Arrangement even if the Shareholders' Arrangement Resolution is not approved by the Shareholders at the Shareholders' Meeting.

If you have any questions please contact Kingsdale Advisors at 1.877.659.1822 toll-free in North America or collect call outside North America at 1.416.867.2272 or by email at contactus@kingsdaleadvisors.com.

**Pursuant to section 191 of the *Business Corporations Act* (Alberta), registered holders of Existing Shares will have the right to dissent in respect of the Continuance Resolution and, if the Continuance becomes effective, to be paid by Calfrac the fair value of the Existing Shares in respect of which a Registered Shareholder validly exercises such Continuance Dissent Right. If a Registered Shareholder wishes to dissent, a written notice of dissent must be received by the Company at Suite 500, 407 - 8th Avenue S.W., Calgary, Alberta, T2P 1E5, Attention: Investor Relations, at or before the Shareholders' Meeting (or if the Shareholders' Meeting is adjourned or postponed, at such date and time as may be determined by an order of the Court). Details regarding the Continuance Dissent Right can be found in the accompanying Circular under "*Description of the Recapitalization Transaction – Continuance of Calfrac from Alberta to Canada – Continuance Right of Dissent*".**

**Neither the Preliminary Interim Order nor the Interim Order provides for any dissent rights with respect to the Shareholders' Arrangement Resolution.**

Due to the current and continually evolving COVID-19 pandemic, the Company encourages its Shareholders to consider the advice and instructions of the Public Health Agency of Canada (www.canada.ca/en/public-health.html) and Alberta Health Services (www.albertahealthservices.ca) when deciding whether to attend the Shareholders' Meeting in person. Given the fundamental nature of the Recapitalization Transaction and the Shareholders' Meeting, the Company determined that the Shareholders' Meeting should be held in person. Access to the Shareholders' Meeting will be limited to essential personnel and registered Shareholders and duly appointed proxyholders entitled to attend and vote at the Shareholders' Meeting. The Company encourages registered Shareholders and duly appointed proxyholders to not attend the Shareholders' Meeting in person, particularly if they are experiencing any of the described COVID-19 symptoms. The Company encourages Shareholders to vote their respective Common Shares prior to the Shareholders' Meeting following the instructions set out in the form of proxy, voting instruction form received by such Shareholders and further described in this Circular.

The Company may take additional precautionary measures in relation to the Shareholders' Meeting in response to further developments with the COVID-19 pandemic. In the event it is not possible or advisable to hold the Shareholders' Meeting in person, the Company will announce alternative arrangements for the Shareholders' Meeting as promptly as practicable, which may include holding the Shareholders' Meeting entirely by electronic means, telephone or other communication facilities. Please monitor our website at www.calfrac.com for updated information.

The Company will be providing a live webcast of the Shareholders' Meeting. Shareholders not attending the Meetings in person are encouraged to listen to the webcast. However, such Shareholders will not be able to vote through the webcast or otherwise participate in the Meetings. A link to the webcast will be available on the Company's website at www.calfrac.com.

DATED at Calgary, Alberta, this 17th day of August, 2020.

(Signed) "*Lindsay R. Link*"

Lindsay R. Link
President and Chief Operating Officer

## SUMMARY

This summary highlights selected information from this Circular to help Securityholders understand the Recapitalization Transaction. Securityholders should read this Circular carefully in its entirety to understand the terms of the Recapitalization Transaction as well as tax and other considerations that may be important to them in deciding whether to approve the Recapitalization Transaction and certain related matters. Securityholders should pay special attention to the "*Risk Factors*" section of this Circular. The following summary is qualified in its entirety by reference to the detailed information contained or incorporated by reference in this Circular. Capitalized terms used herein, and not otherwise defined, have the meanings ascribed to them in the "*Glossary of Terms*".

### CALFRAC WELL SERVICES LTD.

Calfrac is one of the world's largest hydraulic fracturing companies and a leading independent global provider of specialized oilfield services with headquarters in Calgary, Alberta, Canada. An API Q2 certified company, Calfrac operates in western Canada, the United States, Russia and Argentina. Calfrac's services include pressure pumping, coiled tubing, cementing and other well stimulation services which are designed to help increase the production of oil and natural gas.

Calfrac is listed on the TSX under the trading symbol "CFW".

Calfrac is incorporated under the ABCA. It is proposed under the Continuance Resolution to be considered by the Shareholders at the Shareholders' Meeting that Calfrac continue under the CBCA for purposes of completing the Arrangement.

The Company has its head and principal office at Suite 500, 407 - 8th Avenue S.W., Calgary, Alberta, T2P 1E5 and its registered office at Suite 4500, 855 - 2nd Street S.W., Calgary, Alberta, T2P 4K7.

### 12178711 CANADA INC.

ArrangeCo is incorporated under the laws of Canada for the purposes of completing the Arrangement. ArrangeCo has no operations or liabilities and is a wholly-owned subsidiary of Calfrac. ArrangeCo has its head and principal office at Suite 500, 407 - 8th Avenue S.W., Calgary, Alberta, T2P 1E5, and its registered office at Suite 4500, 855 - 2nd Street S.W., Calgary, Alberta, T2P 4K7.

### BACKGROUND TO AND REASONS FOR THE RECAPITALIZATION TRANSACTION

The Circular contains a summary of events leading up to the announcement of the Recapitalization Transaction and the execution of the Support Agreements and the Commitment Letter. The Circular also addresses the subsequent public announcement by Wilks Brothers of an alternative proposal for a recapitalization transaction, and the Special Committee's consideration of and recommendation to the Board with respect to such proposal. See "*Background to and Reasons for the Recapitalization Transaction"* and "*Reasons to Support the Recapitalization Transaction*".

The Board believes that the Recapitalization Transaction offers the following benefits to Calfrac and its Shareholders and Senior Unsecured Noteholders:

(a) it provides for a comprehensive recapitalization that is actionable and capable of compromising the rights of Senior Unsecured Noteholders (in light of the default on the Company's June 15, 2020 interest payment thereon), given the support from holders of approximately 78% of the Senior Unsecured Notes and approximately 23% of the Common Shares;

(b) it avoids the potential that Shareholder recovery could be significantly lower, or potentially zero in an alternate transaction;

(c) it preserves Calfrac as an independent company free of competitor control;

(d) it preserves Calfrac's ability to pursue a future value-enhancing or change of control transaction in more advantageous market conditions;

(e) it provides Shareholders and Senior Unsecured Noteholders with an opportunity to participate in the economic benefit of Calfrac through their ownership of Common Shares;

(f) it achieves a sustainable capital structure;

(g) it increases access to liquidity, improves the Calfrac's leverage, strengthens its financial position and ultimately maximizes value for its stakeholders;

(h) it improves financial strength and reduces financial risk by:

(i) retiring approximately $571.8 million of its outstanding total debt; and

(ii) reducing its annual cash interest expense by approximately $52.7 million (in each case, see "*Effect of the Recapitalization Transaction*");

(i) it improves liquidity through (i) the issuance of $60 million aggregate principal amount of New 1.5 Lien Notes; and (ii) relieves the Company from the obligation to pay cash interest in respect of the Senior Unsecured Notes, as accrued unpaid interest will be settled and extinguished pursuant to the Plan of Arrangement (and the principal amount of the Senior Unsecured Notes will be converted into or exchanged for New Common Shares);

(j) it amends the First Lien Credit Agreement pursuant to the First Lien Credit Agreement Amendment, subject to the approval of the First Lien Lenders and the Court, which is then expected to provide the necessary flexibility to carry out the Recapitalization Transaction; and

(k) it positions the Company to:

(i) maintain liquidity to survive during the ongoing depressed commodity price environment;

(ii) invest in working capital required to participate in an industry recovery, when it occurs, with improved activity levels; and

(iii) provide flexibility to raise additional capital in the future.

**OPINIONS**

Peters & Co. has provided the Board with the Fairness Opinion and the CBCA Opinion. Copies of the Opinions are attached as Appendix "J" to this Circular.

In the Opinions, Peters & Co. concludes that, as of the date of the Opinions: (a) the Senior Unsecured Noteholders and the Shareholders would be in a better financial position, respectively, under the Recapitalization Transaction than if the Company were liquidated as, in each case, the estimated aggregate value of the consideration made available to the Senior Unsecured Noteholders and Shareholders, respectively, pursuant to the Recapitalization Transaction would exceed the estimated value the Senior Unsecured Noteholders and Shareholders would receive in a liquidation, respectively; and (b) the Recapitalization Transaction is fair, from a financial point of view, to the Company.

The Opinions describe the scope of the review undertaken by Peters & Co., the assumptions made by Peters & Co., the limitations on the use of the Opinions, and the basis of Peters & Co.'s fairness analysis for the purposes of the Opinions, among other matters. The summary of the Opinions set forth in this Circular is qualified in its entirety by

reference to the full text of the Opinions. Peters & Co. has provided its written consent to the inclusion of the Opinions in this Circular.

See "*Background to and Reasons for the Recapitalization Transaction – Peters & Co. Opinions*".

## RECOMMENDATION OF THE BOARD OF DIRECTORS

After careful consideration and based on several factors, including the Opinions, the Company's review of potential alternatives, the lengthy and detailed consultation and negotiations with affected stakeholders, the advice of legal and financial advisors and the estimate of the likely value that would be received by Shareholders should the Company not pursue the Recapitalization Transaction, the Board of Directors has unanimously determined that the proposed Recapitalization Transaction is the best available transaction for the Company, and has authorized its submission to the Senior Unsecured Noteholders, Shareholders and the Court for their respective approvals.

The Board of Directors considered various factors discussed in the section "*Background to and Reasons for the Recapitalization Transaction*", including challenges in servicing and repaying the existing debt and the necessity to rationalize the capital structure to be able to raise additional funds to maintain its business.

Further, the Board of Directors took note of the fact that holders of approximately 78% of the Senior Unsecured Notes and approximately 23% of the Common Shares were supportive of the Recapitalization Transaction. The Board of Directors unanimously recommends that all Senior Unsecured Noteholders and Shareholders support the Recapitalization Transaction.

**The Company cautions the Securityholders that should the Recapitalization Transaction not be approved by Senior Unsecured Noteholders and Shareholders, in the absence of any transaction that is capable of receiving broad support throughout the Company's capital structure, the Company may be required to consider or proceed with one or more alternative transactions that result in a reduced or no recovery to Shareholders or Senior Unsecured Noteholders.**

See "*Recommendation of the Board of Directors*".

## WILKS BROTHERS

The Circular contains a summary of the prior discussions and proposals with the Wilks Brothers. None of the Prior Wilks Brothers Proposals, after detailed analysis and receipt of legal and financial advice, were determined to be in the best interests of Calfrac and its stakeholders. See "*Calfrac and Wilks Brothers*".

Stakeholders may also be aware of the current Wilks Brothers Proposal, but should be mindful that it is not being put forward to stakeholders for consideration, as it does not represent a Superior Proposal. In particular, stakeholders should consider that the Wilks Brothers Proposal could not reasonably be expected to result in a transaction more favourable to the Company and its stakeholders. The Wilks Brothers Proposal is essentially an opportunistically late, thinly-veiled change of control transaction proposed by a direct competitor of Calfrac who has exhibited questionable motives, and which offers no change of control or "takeover" premium to Shareholders. Among other factors considered by the Special Committee, the Wilks Brothers Proposal lacks the required level of support from Senior Unsecured Noteholders to be successfully implemented. See "*The Wilks Brothers Proposal*".

## REASONS TO SUPPORT THE RECAPITALIZATION TRANSACTION

The Board unanimously recommends that Shareholders and Senior Unsecured Noteholders support the Recapitalization Transaction by voting **FOR** the resolutions to be presented at the Shareholder and Senior Unsecured Noteholder Meetings, for the following reasons:

(a) the Recapitalization Transaction avoids insolvency;

(b) Shareholders may lose their entire investment if the Recapitalization Transaction is not approved;

(c) the Recapitalization Transaction has key stakeholder support; and

(d) the Recapitalization Transaction is the only transaction being voted upon.

See "*Reasons to Support the Recapitalization Transaction*".

## THE MEETINGS

Pursuant to the Interim Order, Calfrac has called: (i) the Shareholders' Meeting, to among other things, consider and, if deemed advisable, to pass the Continuance Resolution, the Shareholders' Arrangement Resolution and the Shareholders' TSX Resolutions; and (ii) the Senior Unsecured Noteholders' Meeting to consider and, if deemed advisable, to pass the Senior Unsecured Noteholders' Arrangement Resolution. The Meetings will be held in the McMurray Room at the Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta on the following dates and times:

| Meeting | Location | Time and Date |
|---|---|---|
| Senior Unsecured Noteholders' Meeting | McMurray Room, Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta | September 17, 2020 at 1:00 p.m. (Calgary time) |
| Shareholders' Meeting | McMurray Room, Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta | September 17, 2020 at 2:00 p.m. (Calgary time) |

### Procedures for Voting at the Meetings

Subject to any further Order of the Court, pursuant to the Interim Order, those persons who are Senior Unsecured Noteholders on the Record Date are entitled to attend and vote at the Senior Unsecured Noteholders' Meeting. Senior Unsecured Noteholders entitled to vote at the Senior Unsecured Noteholders' Meeting will be entitled to one vote for each US$1,000 principal amount of Senior Unsecured Notes held by such Senior Unsecured Noteholder as of the Record Date in respect of the Senior Unsecured Noteholders' Arrangement Resolution and any other matters to be considered at the Senior Unsecured Noteholders' Meeting. Senior Unsecured Noteholders who have questions or require further information on how to submit their vote at the Senior Unsecured Noteholders' Meeting are encouraged to speak with their Intermediaries, or to contact Kingsdale Advisors by: (a) telephone, toll-free in North America at 1-877-659-1822 or collect call outside North America at 1-416-867-2272; or (b) e-mail to contactus@kingsdaleadvisors.com.

Registered Shareholders as of the Record Date and proxy appointments are entitled to attend and vote at the Shareholders' Meeting. Shareholders and proxy appointments will be entitled to one vote for each Common Share held as at the Record Date. See "*Entitlement to Vote and Attend"* and *"Non-Registered Holders*".

**Securityholder Approvals**

Pursuant to the Interim Order, quorum at each of the Meetings shall be satisfied if two or more persons entitled to vote at such Meeting are present, in person or represented by proxy, at the outset of such Meeting.

In order for the Plan of Arrangement to be considered to have been approved at each Meeting, subject to further Order of the Court:

(a) the Senior Unsecured Noteholders' Arrangement Resolution must be passed, with or without variation, at the Senior Unsecured Noteholders' Meeting by an affirmative vote of at least $66^{2/3}$% of the votes cast in respect of the Senior Unsecured Noteholders' Arrangement Resolution at the Senior Unsecured Noteholders' Meeting in person or represented by proxy by the Senior Unsecured Noteholders; and

(b) the Shareholders' Arrangement Resolution must be passed, with or without variation, at the Shareholders' Meeting by an affirmative vote of: (A) at least $66^{2/3}$% of the votes cast in respect of the Shareholders' Arrangement Resolution at the Shareholders' Meeting in person or represented by proxy by the Shareholders; and (B) for the purposes of the approval of the issuance of New 1.5 Lien Notes and to the extent such issuance constitutes a "related party transaction" for the purposes of MI 61-101, a simple majority of the votes cast in respect of the Shareholders' Arrangement Resolution at the Shareholders' Meeting in person or represented by proxy by the Shareholders excluding the votes required to be excluded for majority of the minority approval at the Shareholders' Meeting for the purpose of MI 61-101 and to the extent required pursuant to MI 61-101. For such purposes, Common Shares held by Ronald P. Mathison and MATCO (and its affiliates) will be excluded from voting. To the knowledge of the Company, Ronald P. Mathison and MATCO (and its affiliates) collectively hold 28,834,321 Common Shares representing approximately 19.80% of the outstanding Common Shares.

The vote required to pass the Continuance Resolution is at least $66^{2/3}$% of the votes cast by the Shareholders present in person or represented by proxy at the Shareholders' Meeting.

In accordance with the policies of the TSX, disinterested Shareholders of the Company must approve the following aspects of the Recapitalization Transaction and the issuance of the New 1.5 Lien Notes:

(a) The issuance of New Common Shares pursuant to the Senior Unsecured Note Exchange, where the number of New Common Shares issuable to Insiders of the Company as a group exceeds 10% of the then issued and outstanding Common Shares (pursuant to section 604(a)(ii) of the TSX Company Manual), to be approved by disinterested Shareholders by way of the Shareholders' TSX Note Exchange Resolution. For purposes of the Shareholders' TSX Note Exchange Resolution, Common Shares held by Insiders (including AIMCo and Wilks Brothers) participating in the Senior Unsecured Note Exchange will be excluded from voting. To the knowledge of the Company, AIMCo holds 24,080,121 Common Shares or approximately 16.54% of the outstanding Common Shares, and Wilks Brothers holds 28,720,172 Common Shares or approximately 19.72% of the outstanding Common Shares.

(b) The issuance of Common Shares upon the conversion of the New 1.5 Lien Notes: (i) would "materially affect control" of the Company (as G2S2 and its affiliates would own in excess of 30% of the outstanding Common Shares and would be entitled to receive additional Common Shares upon the conversion of its New 1.5 Lien Notes); (ii) where the number of Common Shares issuable to Insiders of the Company as a group, upon conversion, exceeds 10% of the then issued and outstanding Common Shares; and (iii) at a conversion price that exceeds the maximum discount permitted by the TSX and which could result in dilution of in excess of 25% of the then issued and outstanding Common Shares (pursuant to sections 604(a)(i), 604(a)(ii), 607(e) and 607(g)(i) of the TSX Company Manual) to be approved by disinterested Shareholders by way of the Shareholders' TSX 1.5 Lien Notes Resolution. The Conversion Price of $1.3325 (being $0.02665 on a pre-Share Consolidation Basis) of the New 1.5 Lien Notes represents a discount of 83.9% to the $0.165522

Market Price per Common Share as of July 14, 2020, which exceeds the maximum discount permitted by the TSX, and the total number of New Common Shares to be issued upon conversion of all New 1.5 Lien Notes would exceed 25% of the then issued and outstanding New Common Shares on a post Share Consolidation basis. For purposes of the Shareholders' TSX 1.5 Lien Notes Resolution, Common Shares held by interested Shareholders (including MATCO) will be excluded from voting. For such purposes, Common Shares held by Ronald P. Mathison and MATCO (and its affiliates) will be excluded from voting. To the knowledge of the Company, Ronald P. Mathison and MATCO (and its affiliates) collectively hold 28,834,321 Common Shares representing approximately 19.80% of the outstanding Common Shares.

The vote required to pass each of the Shareholders' TSX Note Exchange Resolution and the Shareholders' TSX 1.5 Lien Notes Resolution is a majority of the votes cast by the applicable disinterested Shareholders present in person or represented by proxy at the Shareholders' Meeting.

The Shareholders must approve, as separate matters, the Shareholders' TSX Omnibus Incentive Plan Resolution in respect of the adoption of the Omnibus Incentive Plan, and the Shareholders' TSX Shareholder Rights Plan Resolution in respect of the implementation of the Shareholder Rights Plan. In each regard, no Shareholders are excluded from voting on the Shareholders' TSX Omnibus Incentive Plan Resolution or the Shareholders' TSX Shareholder Rights Plan Resolution. The adoption of the Shareholder Rights Plan is subject to acceptance by the TSX.

As at the date hereof, Calfrac has entered into the Support Agreements with holders of approximately 23% of the Common Shares. Pursuant to such Support Agreements, the Supporting Shareholders party thereto have agreed, among other things and subject to the terms of the applicable Support Agreement, to vote in favour of the Arrangement and the Shareholders' TSX Resolutions.

Additionally, as at the date hereof, Calfrac has entered into the Support Agreements with certain Senior Unsecured Noteholders holding approximately 78% of the Senior Unsecured Notes. Pursuant to such Support Agreements, such supporting Senior Unsecured Noteholders party thereto have agreed, among other things and subject to the terms of the applicable Support Agreement, to vote in favour of and support the Recapitalization Transaction and the Arrangement.

See "*Quorum and Voting Requirements – Senior Unsecured Noteholders' Meeting*", "*Quorum and Voting Requirements – Shareholders' Meeting*", "*Noteholder Support Agreement*" and "*Shareholder Support Agreement*" for further details.

**Court Approval of Plan of Arrangement**

The implementation of the Plan of Arrangement is subject to, among other things, approval of the Court. Prior to the mailing of this Circular, Calfrac filed an originating application for the approval of the Arrangement and has obtained a preliminary interim order dated July 13, 2020, followed by an interim order dated August 7, 2020, each attached hereto as Appendix "L".

Following the Meetings, Calfrac intends to apply for the Final Order. A copy of the Notice of Application for the Final Order is attached as part of Appendix "M" to this Circular. The hearing in respect of the Final Order is scheduled to take place on September 30, 2020 at 10:00 a.m. (Calgary time), or such other time and/or date as the Court will advise, at the courthouse at Calgary Courts Centre at 601 - 5th Street S.W., Calgary, Alberta, T2P 5P7.

The Final Order to be sought by Calfrac will, among other things, (a) declare that the Arrangement is fair and reasonable, (b) approve the Plan of Arrangement, (c) authorize the Applicants to take all steps and actions necessary or appropriate to implement the Plan of Arrangement, including the issuance of the New Common Shares and the New 1.5 Lien Notes and the execution of the New 1.5 Lien Note Documents, (d) approve the transactions, releases, steps and actions under the Plan of Arrangement, and (e) order that, from and after the Effective Date, all persons shall be deemed to have permanently waived any and all defaults or events of default or any non-compliance with any covenant, obligation or term of any contract, credit agreement, credit document or other agreement relating to, arising out of, or in connection with the Senior Unsecured Notes, the Senior Unsecured Notes Indenture, the Arrangement,

the Plan of Arrangement and the transactions completed thereunder, the Recapitalization Transaction, and the commencement or continuation of the CBCA Proceedings or the Chapter 15 Proceedings, and all notices of default, accelerations, demands for payment or steps or proceedings taken or commenced in connection with the foregoing shall be deemed to have been rescinded and of no further force or effect.

At the hearing and subject to further order of the Court, any Senior Unsecured Noteholder, Shareholder or other interested party, desiring to appear and make submissions at the application for the Final Order may do so, subject to filing with the Court and serving upon the solicitors for Calfrac, on or before 5:00 p.m. (Calgary time) on Monday, September 21, 2020, a Notice of Intention to Appear, including such party's address for service in the Province of Alberta and indicating whether such Senior Unsecured Noteholder, Shareholder or other interested party intends to support or oppose the application or make submissions, together with a summary of the position such party intends to advocate before the Court and any evidence or materials which such party intends to present to the Court, and satisfying any other requirements of the Court as provided in the Interim Order or otherwise. At the hearing for the Final Order, the Court will consider, among other things, the procedural and substantive fairness and reasonableness of the Arrangement, the approval of the Senior Unsecured Noteholders' Arrangement Resolution by the Senior Unsecured Noteholders at the Senior Unsecured Noteholders' Meeting and the approval of the Shareholders' Arrangement Resolution by the Shareholders at the Shareholders' Meeting.

The Board has received the Fairness Opinion and the CBCA Opinion and such opinions are attached as Appendix "J" to this Circular. See "*Description of the Recapitalization Transaction – Required Approvals*".

## DESCRIPTION OF THE RECAPITALIZATION TRANSACTION

### Continuance

As the initial step in the Recapitalization Transaction, Calfrac intends to continue into the federal jurisdiction of Canada. The articles of Calfrac following the Continuance will be substantially the same as the form attached as Appendix "C". These articles are substantially the same as Calfrac's current articles. The Board believes that it is in Calfrac's best interests to continue into the federal jurisdiction of Canada in order to be able to effect the Arrangement pursuant to the CBCA.

The Shareholders will be asked to consider, and if deemed advisable, to approve the Continuance Resolution to effect the Continuance. Accordingly, the Board unanimously recommends that the Shareholders vote in favour of the Continuance Resolution. If the Continuance Resolution is not approved at the Shareholders' Meeting then the Recapitalization Transaction may not proceed. See Appendix "B" to this Circular for the full text of the Continuance Resolution.

The Board may determine not to proceed with the Continuance at any time before or after the holding of the Shareholders' Meeting but prior to the issuance of a Certificate of Continuance, without further action on the part of Shareholders.

See "*Description of the Recapitalization Transaction – Continuance of Calfrac from Alberta to Canada*".

#### *Continuance Right of Dissent*

Pursuant to section 191 of the ABCA, Registered Shareholders will have the right to dissent in respect of the Continuance Resolution, and if the Continuance becomes effective, to be paid by Calfrac the fair value of the Common Shares held by the Continuance Dissenting Shareholders. If a Registered Shareholder wishes to dissent, they must send to the Company a written objection to the resolution at or before any meeting of Shareholders at which the Continuance Resolution is to be voted on.

Failure to comply strictly with the applicable provisions of the ABCA may prejudice the availability of the Continuance Dissent Right. Continuance Dissenting Shareholders should note that the exercise of the Continuance Dissent Right can be a complex, time-consuming and expensive process and any Registered Shareholder wishing to exercise the Continuance Dissent Right are urged to seek their own legal advice. For details regarding the Continuance

Dissent Right, see "*Description of the Recapitalization Transaction – Continuance of Calfrac from Alberta to Canada – Continuance Right of Dissent*" and section 191 of the ABCA, appended to the Circular as Appendix "F".

**Plan of Arrangement**

The Recapitalization Transaction includes, among other things, the following key elements pursuant to the Plan of Arrangement: (a) the Share Consolidation; (b) the Senior Unsecured Note Exchange (including issuance of the Early Consent Shares); (c) the issuance of the New 1.5 Lien Notes pursuant to the Pro Rata Offering and the Direct Commitment Private Placement; (d) the amendment of the articles of ArrangeCo; (e) the issuance of the Commitment Consideration Shares to ArrangeCo, as agent for the Commitment Parties; (f) the termination of the Stock Option Plan and all of the underlying Options for no consideration; (g) the vesting and payment of all Equity-Based PSUs (in accordance with the terms of the PSU Plan), along with the termination of the PSU Plan and all underlying PSUs; (h) the transfer of all assets of ArrangeCo; (i) the approval of the Omnibus Incentive Plan; and (j) the reduction of the stated capital account for the Common Shares of Calfrac by an amount to be determined by the Company prior to the Effective Date.

***Share Consolidation***

The Plan of Arrangement provides for the Share Consolidation of the issued and outstanding Common Shares on the basis of one Common Share (on a post-consolidation basis) for every 50 Common Shares (on a pre-consolidation basis) (the "**Consolidation Ratio**"). Based on 145,616,827 Common Shares issued and outstanding on August 17, 2020, the Share Consolidation will reduce the number of issued and outstanding Common Shares to approximately 2,912,336 Common Shares (prior to the completion of the Senior Unsecured Note Exchange and issuance of the Commitment Consideration Shares). Any fractional interests in the consolidated Common Shares will, without any further act or formality, be cancelled without payment of any consideration therefor. Any holders of 49 or fewer Common Shares prior to the date of the Share Consolidation will not receive any post-Share Consolidation Common Shares.

The Share Consolidation will cause no change in the stated capital attributable to the Common Shares and the stated capital of the Common Shares shall be equal to the stated capital of the Common Shares immediately prior to the Share Consolidation.

No assurances can be given as to the effect of the Share Consolidation on the market price of the Common Shares. Specifically, no assurance can be given that if the Recapitalization Transaction is effected, the market price of the Common Shares will increase by the same multiple as the Consolidation Ratio or result in a permanent increase in the market price, which possible results are dependent on various factors, many of which are beyond the control of Calfrac.

See "*Calfrac After the Recapitalization Transaction*".

Registered Shareholders will be required to complete, execute and return the Letter of Transmittal to the Depositary to receive their Common Shares. See "*Procedures – Issuances and Distributions*" for additional details regarding the issuance of post-Share Consolidation Common Shares.

***Treatment of Senior Unsecured Noteholders***

Pursuant to the Plan of Arrangement, the Senior Unsecured Notes of Calfrac LP, in the aggregate principal amount of approximately US$431.8 million, plus all accrued and unpaid interest, will be exchanged for New Common Shares comprised of the aggregate of the Senior Unsecured Noteholder New Common Share Pool and the Early Consenting Noteholder New Common Share Pool, in full and final settlement of all such Senior Unsecured Notes. Pursuant to the Senior Unsecured Note Exchange, in exchange for the Senior Unsecured Notes issued by Calfrac LP, and in full and final settlement of the Senior Unsecured Noteholder Claims, Calfrac (for the benefit and on behalf of Calfrac LP) shall issue to each Senior Unsecured Noteholder: (a) its Senior Unsecured Noteholder Pro Rata Share of the Senior Unsecured Noteholder New Common Share Pool; and (b) if such Senior Unsecured Noteholder is an Early Consenting Noteholder, its Early Consenting Noteholder Pro Rata Share of the Early Consenting Noteholder New Common Share Pool.

As of July 14, 2020 (the date the Recapitalization Transaction was publicly announced), the aggregate principal amount under the outstanding Senior Unsecured Notes was equal to US$431.8 million, or $587.9 million converted into Canadian Dollars at the U.S. Dollar/Canadian Dollar exchange rate of 0.7344 posted by the Bank of Canada as at July 14, 2020. The 33,491,870 post-Share Consolidation Common Shares to be issued to Senior Unsecured Noteholders pursuant to the Senior Unsecured Note Exchange results in a deemed conversion price of $17.56 per post-Share Consolidation Common Share, which represents a 112% premium to the $8.28 Market Price per Common Share as of July 14, 2020 (calculated on a post-Share Consolidation basis).

See "*Description of Recapitalization Transaction – Plan of Arrangement – Treatment of Senior Unsecured Noteholders*" and "*Description of the Recapitalization Transaction – Plan of Arrangement – Senior Unsecured Note Exchange*".

Any Senior Unsecured Noteholder who wishes to provide their early consent to the Recapitalization Transaction and the Plan of Arrangement should contact Kingsdale Advisors, as soon as possible, by: (a) telephone, toll-free in North America at 1-877-659-1822 or collect call outside North America at 1-416-867-2272; or (b) e-mail to contactus@kingsdaleadvisors.com.

In addition, Eligible Noteholders will have the right, but not the obligation, to irrevocably elect to participate in the Pro Rata Offering, and will have the opportunity to subscribe for up to its Electing Noteholder Pro Rata Share of New 1.5 Lien Notes comprising the Pro Rata Offering Amount. For each US$1,000,000 of face value of the Senior Unsecured Notes held by an Eligible Noteholder, such Eligible Noteholder will be entitled to irrevocably subscribe for $34,736 of New 1.5 Lien Notes, rounded down to the nearest multiple of $1,000.

Each Eligible Noteholder that wishes to exercise its Subscription Privilege is required to provide instructions to their Intermediary as described in the Participation Form (or other acceptable form of instruction as required by their Intermediary) prior to their Intermediary's own internal deadlines, which will be before the Participation Deadline. In order for an Eligible Noteholder to participate in the Pro Rata Offering, such Eligible Noteholder's Intermediary must:

(a) receive the Eligible Noteholder's Participation Form (or other acceptable form of instruction as required by such Intermediary), complete the required information on its Master Participation Form, and submit the instructions through the facilities of DTC;

(b) forward the Eligible Noteholder's information and compile in a properly completed and duly executed Master Participation Form via e-mail to the Proxy, Information and Exchange Agent; and

(c) deliver the aggregate Electing Noteholder Amount via wire, net of fees, to the Escrow Agent, prior to the Funding Deadline.

An Eligible Noteholder will not be permitted to participate in the Pro Rata Offering unless: (a) the Proxy, Information and Exchange Agent has received a Master Participation Form from such Eligible Noteholder's Intermediary that incorporates instructions and any additional required information received from such Eligible Noteholder, properly completed and duly executed, by the Participation Deadline; and (b) the Escrow Agent receives the aggregate Electing Noteholder Amount prior to the Funding Deadline.

Any Eligible Noteholder who wishes to participate in the Pro Rata Offering should contact their Intermediary or Kingsdale Advisors, as soon as possible, by: (a) telephone, toll-free in North America at 1-877-659-1822 or at 1-416-867-2272 outside of North America; or (b) e-mail to contactus@kingsdaleadvisors.com.

See "*Description of the Recapitalization Transaction – Plan of Arrangement – Offering of New 1.5 Lien Notes*" and "*Procedures – Elections and Pro Rata Offering*".

***Treatment of Shareholders***

Pursuant to the Plan of Arrangement, each Shareholder that is not a Continuance Dissenting Shareholder shall retain its Existing Shares, subject to the Share Consolidation and the treatment of fractional interests in connection therewith,

such that the post-Share Consolidation Common Shares owned by such Shareholders shall, in the aggregate, equal to approximately 8% of the aggregate post-Share Consolidation Common Shares issued and outstanding following the completion of the Recapitalization Transaction but, for greater certainty, before further dilution as a result of the issuance of the Commitment Consideration Shares.

See "*Description of the Recapitalization Transaction – Plan of Arrangement – Treatment of Shareholders*".

***Treatment of Other Equity Holders***

Each Equity-Based PSU outstanding immediately prior to the Effective Time (whether vested or unvested) shall, in accordance with the terms of the PSU Plan, and without any further action by or on behalf of a holder of Equity-Based PSUs, be deemed to be vested and each holder of such Equity-Based PSU shall receive, for each Equity-Based PSU, a cash payment equal to the 5-day volume weighted average trading price of the Common Shares on the Toronto Stock Exchange immediately prior to the Effective Date (less any applicable withholding tax or other source deductions), provided that the aggregate payments to holders of Equity-Based PSUs shall not exceed $175,000. Subsequently, the Stock Option Plan, including the underlying Options, and the PSU Plan, including underlying performance share units and Equity-Based PSUs issued in connection therewith, will be terminated and cancelled for no consideration.

All Existing Equity, if applicable, other than the Existing Shares, the Options and the PSUs (which shall be affected by the Plan of Arrangement) and the DSUs (which shall be unaffected by the Plan of Arrangement) shall be terminated and cancelled at the Effective Time for no consideration.

See "*Description of the Recapitalization Transaction – Plan of Arrangement – Treatment of Other Equity Holders*".

***Treatment of First Lien Lenders and Second Lien Noteholders***

The proposed Plan of Arrangement shall not, and shall not be deemed to, affect the First Lien Lenders, the First Lien Agent, the Second Lien Noteholders or the Second Lien Notes Trustee or any of Calfrac's obligations under or in respect of the First Lien Credit Agreement or the Second Lien Note Indenture, provided, however, that concurrently with the Effective Time and subject to the approval of the First Lien Lenders and the Court, the Company will seek to amend the First Lien Credit Agreement pursuant to the First Lien Credit Agreement Amendment.

See "*Description of Recapitalization Transaction – Plan of Arrangement – Treatment of First Lien Lenders and Second Lien Noteholders*" and "*First Lien Credit Agreement Amendment*" for additional details.

***Offering of New 1.5 Lien Notes***

As part of the Plan of Arrangement, Calfrac will complete the New 1.5 Lien Notes Offering, consisting of the Direct Commitment Private Placement and the Pro Rata Offering. The New 1.5 Lien Notes will be secured on: (a) a senior basis to all of the Company's future obligations, unsecured obligations and the obligations of the Company in respect of the Second Lien Notes; and (b) a junior basis to the Company's obligations under the First Lien Credit Agreement. See Appendix "I" for a summary of the terms of the New 1.5 Lien Notes.

The New 1.5 Lien Notes are convertible into Common Shares representing 54.5% of the total post-Share Consolidation Common Shares outstanding, calculated as of the Effective Date after the issuance of New Common Shares pursuant to the Plan of Arrangement. The New 1.5 Lien Notes are convertible at any time prior to the Maturity Date at the option of any holder of the New 1.5 Lien Notes, and are convertible at the Conversion Price, being a ratio of approximately 750 post-Share Consolidation Common Shares per $1,000 principal amount of New 1.5 Lien Notes. The Conversion Price shall be subject to standard anti-dilution adjustments upon, among other things, share consolidations, share splits, spin-off events, rights issues, reorganizations and for certain dividends or distributions to Shareholders.

The New 1.5 Lien Notes will be issued pursuant to the New 1.5 Lien Note Indenture and the Plan of Arrangement. A copy of the New 1.5 Lien Note Indenture in substantially final form will be made available for review on the

Company's website at www.calfrac.com. The Company will issue a press release once the document has been posted for viewing.

See "*Description of the Recapitalization Transaction – Plan of Arrangement – Offering of New 1.5 Lien Notes*", "*Procedures – Elections and Pro Rata Offering*" and "*Procedures – Issuances and Distributions*".

***Releases and Waivers***

The Plan of Arrangement includes customary releases in connection with the implementation of the Recapitalization Transaction in favour of the Released Parties.

See "*Description of the Recapitalization Transaction – Plan of Arrangement – Releases and Waivers*".

**Required Approvals**

The Arrangement requires approval by the Court. Prior to the mailing of this Circular, Calfrac obtained: (a) the Preliminary Interim Order, providing for a stay of proceedings in favour of Calfrac and the other Applicants in respect of any defaults that may result from Calfrac's decision to initiate the CBCA Proceedings, or arising in connection with Calfrac's election to defer the cash interest payment due on June 15, 2020 in respect of its outstanding Senior Unsecured Notes, and authorizing Calfrac to seek recognition of the CBCA Proceedings in the United States; and (b) the Interim Order providing for the calling and holding of the Senior Unsecured Noteholders' Meeting and the Shareholders' Meeting, and other procedural matters. A copy of the Preliminary Interim Order and the Interim Order is attached hereto as Appendix "L" and forms part of this Circular. The Notice of Application for the Final Order is attached hereto as Appendix "M" and forms part of this Circular.

The hearing in respect of the Final Order is currently scheduled to take place at the Calgary Courts Centre at 601 - 5th Street S.W., Calgary, Alberta at 10:00 a.m. (Calgary time) on September 30, 2020. Pursuant to the Interim Order and subject to any further Order of the Court, the only persons entitled to appear and be heard at such hearing shall be the Applicants, the CBCA Director, the Senior Unsecured Noteholders, the New 1.5 Lien Note Trustee, the Shareholders, the First Lien Lenders and any person who filed a Notice of Intention to Appear in accordance with the Interim Order, as well as their respective legal counsel.

At the hearing for the Final Order, the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and procedural point of view, and the approval of: (i) the Senior Unsecured Noteholders' Arrangement Resolution by the Senior Unsecured Noteholders at the Senior Unsecured Noteholders' Meeting; and (ii) the Shareholders' Arrangement Resolution by the Shareholders at the Shareholders' Meeting. Nothing in the Preliminary Interim Order or the Interim Order restricts Calfrac from seeking approval by the Court of the Final Order in the event that the Shareholders' Arrangement Resolution is not approved by the Shareholders at the Shareholders' Meeting. Shareholders are entitled to Continuance Dissent Rights with respect to the Shareholders' Arrangement Resolution.

See "*Description of the Recapitalization Transaction – Required Approvals*"

**U.S. Eligible Purchasers and Transfer Restrictions**

The New 1.5 Lien Notes, including the New Common Shares issuable on conversion of the New 1.5 Lien Notes ("**Underlying Shares**"), have not been and will not be registered under the 1933 Act, or the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an applicable exemption from the registration requirements of the 1933 Act. In the United States, the New 1.5 Lien Notes are being offered and sold only to institutions that are an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the 1933 Act ("**Institutional Accredited Investors**") or "qualified institutional buyers" (a "**QIB**") as defined in Rule 144A ("**Rule 144A**") under the 1933 Act.

The New 1.5 Lien Notes may not be converted into Underlying Shares by any person in the United States, nor will certificates representing Underlying Shares issuable upon the conversion of New 1.5 Lien Notes be registered or

delivered to any person in the United States or to any person exercising for the account or benefit of a person in the United States, unless the Underlying Shares have been registered under the 1933 Act and the applicable securities laws of any state of the United States or an exemption from such registration requirements is available.

Each Eligible Noteholder in the United States who is purchasing the New 1.5 Lien Notes will, prior to the purchase, be required to provide their Intermediary with a Participation Form (or other acceptable form of instruction as required by its Intermediary). The Intermediary will be required to deliver a Master Participation Form incorporating the Eligible Noteholder information and its subscription through DTC. By doing so, the Eligible Noteholder will make certain representations and warranties and agree to certain restrictions on the transfer and conversion of the New 1.5 Lien Notes (and shall acknowledge that the Company is relying upon such representations and warranties).

See "*Description of the Recapitalization Transaction – Plan of Arrangement – U.S. Eligible Purchasers and Transfer Restrictions*".

**Non-Canadian and Non-U.S. Purchasers**

Each Eligible Noteholder that is resident outside of Canada or the United States and that wishes to participate in the Pro Rata Offering must satisfy Calfrac that such Eligible Noteholder in such jurisdiction are entitled to participate in the Pro Rata Offering in accordance with the laws of such jurisdiction without obliging Calfrac to register the New 1.5 Lien Notes or file a prospectus or other disclosure document or to make any other filings or become subject to any reporting or disclosure obligations that Calfrac is not already obligated to make, and Calfrac may require an opinion of counsel of recognized standing, to such effect.

## EFFECT OF THE RECAPITALIZATION TRANSACTION

The Recapitalization Transaction is expected to substantially improve the capital structure of Calfrac by reducing the amount of outstanding total debt by approximately $571.8 million. With a normalized capital structure, Calfrac will benefit from a reduction in its annual cash interest expense by approximately $52.7 million. Management of Calfrac believes that the Recapitalization Transaction will confer a number of benefits on Calfrac, as described in more detail in "*Background to and Reasons for the Recapitalization Transaction – Reasons for the Recapitalization Transaction*", "*Reasons to Support the Recapitalization Transaction",* and *"Effect of the Recapitalization Transaction".*

## NOTEHOLDER SUPPORT AGREEMENT

In connection with the Recapitalization Transaction, on July 13, 2020, the Company entered into the Noteholder Support Agreement with certain Senior Unsecured Noteholders holding approximately 50% of the outstanding principal amount of the Senior Unsecured Notes, in which such Senior Unsecured Noteholders have agreed to support the Recapitalization Transaction and vote their Senior Unsecured Notes in favour of the resolution required to implement the Recapitalization Transaction at the Senior Unsecured Noteholders' Meeting, subject to the terms and conditions set forth in the Noteholder Support Agreement. Subsequent to July 13, 2020, the Company entered into additional Support Joinder Agreements or other Support Agreements with Senior Unsecured Noteholders increasing the support for the Recapitalization Transaction, such that Senior Unsecured Noteholders holding approximately 78% of the Senior Unsecured Notes have agreed to vote their Senior Unsecured Notes in favour of the Recapitalization Transaction and Plan of Arrangement, subject to certain conditions.

For a summary of the terms of the Noteholder Support Agreement, see "*Noteholder Support Agreement*".

## SHAREHOLDER SUPPORT AGREEMENT

Shareholders holding approximately 23% of the Common Shares as of the date of this Circular have entered into Support Agreements in which they have agreed to support the Recapitalization Transaction and vote their Existing Shares in favour of the various resolutions required to implement the Recapitalization Transaction at the Shareholders' Meeting, subject to the terms and conditions set forth in the applicable Support Agreement and applicable law.

## COMMITMENT LETTER

Effective July 13, 2020, the Company entered into the Commitment Letter with the Commitment Parties, pursuant to which: (a) each Commitment Party has agreed to purchase New 1.5 Lien Notes representing its respective Commitment Pro Rata Share of the Initial Commitment Amount of $45,000,000; and (b) each Commitment Party has agreed to purchase New 1.5 Lien Notes comprising its respective Shortfall Commitment, being the portion of the Shortfall Amount that each such Commitment Party has agreed to purchase. Additionally, in exchange for each Commitment Party's Shortfall Commitment, Calfrac shall issue to ArrangeCo, on behalf of such Commitment Parties, their respective pro rata share (based on such Commitment Party's Shortfall Commitment as compared to the Shortfall Commitment of all Commitment Parties) of the Commitment Consideration Shares. The Commitment Consideration Shares shall consist of such number of post-Share Consolidation Common Shares equal to $1,500,000 divided by the Conversion Price in effect at the Effective Time.

For a summary of the terms of the Commitment Letter, see "*Commitment Letter*".

## OMNIBUS INCENTIVE PLAN

In connection with the Recapitalization Transaction and subject to the approval of the Shareholders' TSX Omnibus Incentive Plan Resolution at the Shareholders' Meeting, the Company expects to adopt the Omnibus Incentive Plan. The Omnibus Incentive Plan is a long-term incentive plan that permits the grant of stock options , stock appreciation rights, restricted share units, performance share units and other share-based awards to directors, officers, employees and consultants of the Company and its affiliates, as well as prospective directors, officers and employees who have accepted offers of employment or directorship from the Company or its affiliates.

For a summary of terms of the Omnibus Incentive Plan, see "*Omnibus Incentive Plan*".

## SHAREHOLDER RIGHTS PLAN

In connection with the Recapitalization Transaction and subject to the approval of the Shareholders' TSX Shareholder Rights Plan Resolution at the Shareholders' Meeting, the Company expects to adopt the Shareholder Rights Plan. Additional details regarding the terms and conditions of the Shareholder Rights Plan are summarized in Appendix "K" to this Circular. The adoption of the Shareholder Rights Plan is subject to acceptance by the TSX.

For a summary of the terms of the Shareholder Rights Plan, see "*Shareholder Rights Plan*".

## INCOME TAX CONSIDERATIONS

### Canadian Income Tax Considerations

For a description of the Canadian income tax consequences resulting from the Recapitalization Transaction, please refer to "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*".

### United States Income Tax Considerations

For a description of the United States federal income tax consequences resulting from the Recapitalization Transaction, please refer to "*Income Tax Considerations – Certain United States Federal Income Tax Considerations*".

## RISK FACTORS

Securityholders should carefully consider the risk factors concerning the Recapitalization Transaction and the business of Calfrac described under "*Risk Factors*".

## BACKGROUND TO AND REASONS FOR THE RECAPITALIZATION TRANSACTION

### Background to the Recapitalization Transaction

***Decline in Business Activity Resulting from Commodity Price Decline***

Beginning in the first quarter of 2020, global energy markets and oil and natural gas prices suffered precipitous declines. These price declines occurred due to material oversupply, as a result of a historic and unprecedented drop in energy demand in the wake of the global COVID-19 crisis and the price war initiated by several OPEC+ countries, including Saudi Arabia and Russia. Oil prices fell to historic lows, even to negative prices in certain markets. Oil and gas exploration and production companies, who are Calfrac's customers, then materially reduced their capital expenditure budgets for 2020. The combined effects of depressed commodity prices, reduced capital spending by oil and gas producers and resulting excess well servicing equipment created intense competition among oilfield services companies. The resulting unsustainable pricing and activity levels in the oilfield services industry directly and negatively impacted the revenues and profitability of oilfield service companies like Calfrac and its competitors. Well completion activity in North America declined by almost 90%.

For Calfrac, this meant a severe reduction in work was experienced in a matter of weeks. This material degradation of global industry fundamentals created a challenging liquidity position and Calfrac determined that its current capital structure was no longer tenable. Prior to these events, Calfrac 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 the Second Lien Notes and Senior Unsecured Notes. In spite of the challenges the industry has faced since late 2014, Calfrac 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.

***Calfrac Undertakes Debt Restructuring***

In early 2020, Calfrac engaged its legal advisors (Bennett Jones LLP in Canada and Latham & Watkins LLP in the United States) and one of its Financial Advisors (RBC Capital Markets Inc.) to assist Calfrac in reviewing and evaluating potential options and alternatives available to the Company with the goal of improving Calfrac's capital structure, reducing its annual interest expenses and increasing its working capital and liquidity.

On February 14, 2020, in light of the reduced trading price of its Senior Unsecured Notes, Calfrac took an initial step toward reducing its long-term debt and annual interest expenses and completed an exchange offer whereby Calfrac LP issued US$120,000,100 principal amount of Second Lien Notes in exchange for US$218,182,000 principal amount of Senior Unsecured Notes (the "**Exchange Offer**"). The Exchange Offer reduced Calfrac's long-term debt by over US$98 million ($130 million) and resulted in a net reduction of Calfrac's aggregate annual interest payments by approximately US$5.5 million ($7.3 million) (such amounts based on foreign exchange rates as of the closing date of the Exchange Offer).

***Further Declines in Business Activity Resulting From the COVID-19 Pandemic***

With the onset of the COVID-19 pandemic, Calfrac went from 18 active North American fracturing fleets in March to one active fleet in May. In addition, Calfrac's Argentina division did not operate for three full months due to the COVID-19 shutdown, with Calfrac having just recently re-initiated operations in Argentina. In Russia, Calfrac 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 Calfrac's operating divisions.

In April 2020, Calfrac's internal financial forecasts predicted significant decreases in the Company's operating cash flows and income that had the potential to result in a breach of the funded debt to EBITDA financial covenant contained in the First Lien Credit Agreement. At this time, the Board determined that Calfrac needed to pursue strategies to address the Company's long-term debt, including through restructuring. Calfrac announced significant

reductions to its 2020 capital program and North American operating footprint and that it would reduce its headcount by approximately 1,000 employees, mainly in North America.

***Calfrac Undertakes Comprehensive Analysis of Alternative Transactions***

In late April, Calfrac engaged its Financial Advisors to assist Calfrac in reviewing and evaluating potential options and alternatives available to the Company, with the goal of improving Calfrac's capital structure, reducing its annual interest expenses and increasing its working capital and liquidity.

During this time, Calfrac received several expressions of interest in respect of a potential sale of both its Russian and Argentinean operations. The Company had previously received inbound expressions of interest related to its Argentinean division in 2017, and had also engaged in several prior discussions relative to the potential sale of its Russian division. Among other things, there were practical difficulties related to other parties' ability to conduct due diligence reviews in connection with the COVID-19 pandemic, including limitations on conducting site visits due to lockdowns and mandatory quarantine orders. No indicative offers for these international divisions were made by potentially interested parties. The Board concluded that pursuing a sale of an international business in the midst of a global pandemic, while concurrently evaluating potential alternatives to improve Calfrac's capital structure, is not feasible.

In May 2020, the Board continued to consider various alternatives to address Calfrac's capital structure and the Financial Advisors prepared a presentation to consider a number of restructuring related items, including, among other things, considerations relating to: (a) the First Lien Credit Agreement; (b) Calfrac's liquidity and borrowing constraints; and (c) various alternative transactions, including:

- a backstopped rights offering of Common Shares or preferred shares, with either status quo capital structure or a discounted tender offer for the Senior Unsecured Notes and Second Lien Notes;
- a backstopped 1.5 lien convertible debt offering;
- a backstopped rights offering of Common Shares or preferred shares and a discounted tender offer for the Senior Unsecured Notes;
- a backstopped rights offering of Common Shares or preferred shares, up-tier debt-for-debt exchange for the Second Lien Notes and a discounted tender offer for the Senior Unsecured Notes;
- a backstopped rights offering of Common Shares, additional revolving credit facility capacity and flexibility to launch a cash tender offer for the Senior Unsecured Notes and the Second Lien Notes;
- a backstopped rights offering of Common Shares or preferred shares, partial up-tier debt-for-debt exchange and partial equitization for the Second Lien Notes and a discounted cash tender offer for the Senior Unsecured Notes;
- an equity exchange of Calfrac's Senior Unsecured Notes and a concurrent rights offering; and
- M&A alternatives.

In addition to exploring potential alternatives to address Calfrac's long-term debt with key stakeholders, the Board also reviewed the terms of the Government of Canada's new large employer emergency financing facility ("**LEEFF**") program. LEEFF was introduced by the Government of Canada in May 2020 to provide short-term liquidity assistance in the form of interest-bearing term loans to large Canadian employers affected by the COVID-19 outbreak. Shortly after the announcement of the LEEFF program, certain members of the Board and senior officers of Calfrac undertook an analysis to determine whether LEEFF had any feasible application as part of Calfrac's restructuring plan, and whether Calfrac was positioned to submit an application. After completing such analysis, it was recommended to the

Board that Calfrac should not submit an application for the LEEFF program due to, among other things, the limitations imposed with respect to the use of proceeds.

***Calfrac's Efforts to Collaborate with Wilks Brothers***

Commencing in March 2020, Mr. Mathison began corresponding by e-mail with Mr. Matt Wilks, the Chief Financial Officer of Wilks Brothers, Calfrac's second-largest shareholder and the owner of ProFrac Services, LLC (a competitor of Calfrac), as to a possible collaboration between Calfrac and Wilks Brothers on opportunities which were being described by Wilks Brothers as having the potential to be mutually beneficial to Calfrac and Wilks Brothers. On May 4, 2020 and May 6, 2020, the Board received letters from Wilks Brothers formally inviting the Board to explore potential value-enhancing initiatives in light of the trading price of the Senior Unsecured Notes and the Second Lien Notes. The letters, among other things, outlined Wilks Brothers' intention to work in partnership with the Board on a liquidity and deleveraging transaction, and included offers by Wilks Brothers to backstop a strategic transaction. The Board determined that the Financial Advisors should evaluate the potential initiatives proposed by Wilks Brothers and consider what opportunities they presented.

Concurrent with Calfrac beginning to consider capital structure alternatives, and 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. A draft non-disclosure agreement was first circulated to Wilks Brothers on May 29, 2020, and subsequent drafts were exchanged with Wilks Brothers through the Financial Advisors. On June 10, 2020, Mr. Wilks called a representative of RBC and advised that it appeared Wilks Brothers and Calfrac had agreed in principle to the form of non-disclosure agreement. Mr. Wilks further advised that he would attend to signing the non-disclosure agreement, but had a few matters to resolve before he did so.

On June 12, 2020, Mr. Mathison had a telephone discussion with Mr. Wilks in which he 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 Mr. Mathison reiterated the importance to Calfrac of having an executed non-disclosure agreement prior to discussing the details of any transaction, especially in light of Wilks Brothers' ownership of a direct competitor of Calfrac.

***Evaluation of Capital Restructuring***

Concurrent with Calfrac seeking to explore alternatives with Wilks Brothers, Calfrac had also commenced exploring potential alternatives to address Calfrac's long-term debt.

During this time, the desirability of MATCO and Mr. Mathison's potential participation in a restructuring, in part as a reassurance to other prospective investors, was raised with the Board. It was determined that Mr. Gregory S. Fletcher, Calfrac's independent Lead Director would, with the input and support of the Financial Advisors and Calfrac's legal advisors and senior management team, serve the lead role on behalf of Calfrac in any such restructuring or funding negotiations, and provide a direct conduit to the Independent Directors. Through a combination of formal Board meetings and other weekly Board updates, the Independent Directors discussed the status of restructuring efforts under the leadership of Mr. Fletcher, without the attendance of Board members with a real or perceived conflict of interest. Mr. Mathison informed the Board that MATCO would not take a lead role in the negotiations on behalf of the Senior Unsecured Noteholders nor set the terms of any proposed financing, and that the extent of MATCO's participation in any such financing would be considered at a later time after Calfrac had received input from the Senior Unsecured Noteholders.

At a Board meeting on June 14, 2020, the Board and the Independent Directors (in camera) received advice from the Financial Advisors and Calfrac's legal counsel (including advice concerning the directors' fiduciary duties). The Board discussed the pending June 15, 2020 interest payment on the Senior Unsecured Notes and the 30-day grace period from the periodic interest payment that was available under the Senior Unsecured Note Indenture. The Board agreed that it was in the best interests of the Company to elect to defer the interest payment and passed a resolution approving such deferral. The Board then, led by Mr. Fletcher and in conjunction with the Financial Advisors, discussed the recapitalization plan and recommended that the Board and the Financial Advisors consider various restructuring alternatives. The Board discussed the merits and challenges of various alternative restructuring transactions, and the

Financial Advisors agreed to undertake a review the financial aspects of the proposed recapitalization plans and report back to the Board.

On June 15, 2020, Calfrac publicly announced that it had elected to defer the interest payment due on June 15, 2020 in respect of its outstanding Senior Unsecured Notes. Under the terms of the Senior Unsecured Note Indenture, Calfrac had a 30-day grace period from the periodic interest payment date in order to make the cash interest payment before an event of default would occur under the Senior Unsecured Note Indenture.

***Negotiations with Senior Unsecured Noteholders and Unsolicited Wilks Brother Proposal to Acquire US Business***

In late June 2020, Calfrac commenced negotiations regarding a non-disclosure agreement to be entered into with the members of the Ad Hoc Committee and executed a non-disclosure agreement with Goodmans LLP on June 26, 2020, on behalf of the Ad Hoc Committee. Additional non-disclosure agreements were executed with other Senior Unsecured Noteholders (including Clarke Inc., an affiliate of G2S2). Following the execution of non-disclosure agreements with Clarke Inc. and Goodmans LLP, Calfrac commenced negotiations with G2S2 and the Ad Hoc Committee under the continued direction of Mr. Fletcher.

On June 22, 2020 and June 30, 2020, Wilks Brothers submitted unsolicited letters of intent to acquire Calfrac's United States business and related assets (the "**US Business**"). As consideration for the US Business, Wilks Brothers offered to: (a) convey ownership of its Second Lien Notes (which totaled US$41,686,750 par value as of the June 22 offer and US$60,001,400 as of the June 30 offer); (b) fund a tender offer for the Senior Unsecured Notes at 14% of par value, implying a cash commitment of approximately US$60,452,000 par value; and (c) 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*). With the assistance and advice of the Financial Advisors and Calfrac's legal advisors, the 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 Calfrac stakeholders, such as the First Lien Lenders and the balance of the Second Lien Noteholders. Further, these offers envisioned leaving what remained of Calfrac and its subsidiaries' assets, collateral and operations with a disproportionate amount of secured debt. As a result, pro forma Calfrac would be expected to have excessive debt relative to its cash flows and insufficient liquidity to operate its business. Calfrac communicated in detail the reasons for its rejection of Wilks Brothers' offers in letters dated June 29, 2020, July 2, 2020, and July 6, 2020. Each of these responses reiterated Calfrac's invitation for Wilks Brothers to enter into a non-disclosure agreement with Calfrac, which would have permitted Calfrac and Wilks Brothers to purposefully and collaboratively explore a recapitalization transaction at that time.

On July 1, 2020, Mr. Fletcher presented the Board with a transaction term sheet dated June 27, 2020, that had been prepared by the Financial Advisors which contemplated: an equitization of the Senior Unsecured Notes; and a $60 million, 1.5 lien senior secured convertible payment-in-kind note financing to partially repay the First Lien Credit Facility in order to fund transaction costs, ongoing interest payments and maintain required liquidity. Such proposed transaction also envisioned the Second Lien Notes remaining outstanding. The Board also discussed recent communications with the First Lien Lenders regarding the deferred cash interest payment due June 15, 2020 in respect of the Senior Unsecured Notes.

During early July 2020, negotiations proceeded between Calfrac and certain Senior Unsecured Noteholders, including G2S2 and the Ad Hoc Committee, regarding the terms of a recapitalization of Calfrac, including with respect to the amount and terms of new funding required by Calfrac, and the percentage of equity to be held by current Shareholders immediately following a recapitalization transaction.

On July 8, 2020, a Board update meeting was held in which Bennett Jones LLP discussed the status of negotiations of the transaction and advised the Board of the potential for a stay application and the CBCA process generally, including in relation to seeking the support of Calfrac stakeholders who favoured the proposed recapitalization plan over other alternatives that had been proposed for the Board's consideration. The Board discussed the forthcoming negotiations with G2S2 and the Ad Hoc Committee and other stakeholders and Mr. Mathison reiterated his previous position that, while MATCO may participate in any financing forming part of a recapitalization plan, it would not set the terms of such financing, and would instead evaluate the terms negotiated by the other participants and consider MATCO's

participation against that backdrop. Mr. Fletcher, as Calfrac's independent Lead Director, confirmed that in accordance with the previous discussions on this point, he would continue to lead negotiations with Calfrac's relevant stakeholders, relying on the input and guidance of the Financial Advisors and Calfrac's legal advisors, as well as ongoing input from senior management and the other Independent Directors. Mr. Fletcher also confirmed that Mr. Mathison's ongoing participation and investment in Calfrac had been cited by the potential providers of capital to Calfrac as being important to obtaining the support and investment of such parties. The Board was also updated on the status of discussions with the First Lien Lenders to obtain a waiver in which the First Lien Lenders would confirm that, to the extent that the commencement of proceedings for a potential stay application would constitute an event of default under the First Lien Credit Agreement, such event of default would be waived.

On July 12, 2020, the Board and the Independent Directors (in camera), met to consider the current status of negotiations and the Recapitalization Transaction, and approved proceeding with an application to the Court for the Preliminary Interim Order to obtain, among other things, a stay of proceedings in favour of Calfrac in respect of any defaults arising in connection with Calfrac's previously announced election to defer the cash interest payment due June 15, 2020 in respect of the Senior Unsecured Notes.

***Implementation of the Recapitalization Transaction***

On July 13, 2020, Calfrac attended a hearing at the Court of Queen's Bench in Calgary in connection with its application seeking to obtain the Preliminary Interim Order, which included a stay of proceedings in favour of Calfrac and the other Applicants in respect of any defaults that may result from Calfrac's decision to initiate the CBCA Proceedings, or arising in connection with Calfrac's election to defer the cash interest payment due on June 15, 2020 in respect of its outstanding Senior Unsecured Notes, and authorized Calfrac to seek recognition of the CBCA Proceedings in the United States.

Following the hearing at the Court, the Board met to consider the Recapitalization Transaction, including the New 1.5 Lien Note Offering. The Financial Advisors presented a detailed review of the restructuring plan, including but not limited to: (a) an overview of the Recapitalization Transaction's proposed sources and uses of funds; (b) the Recapitalization Transaction term sheet; (c) Calfrac's liquidity and leverage outlook; (d) the New 1.5 Lien Note Offering investment structure; (e) assumptions and key metrics in relation to the Recapitalization Transaction and New 1.5 Lien Note Offering; (f) the potential Senior Unsecured Notes recovery; (g) precedent retained equity ownership and post-emergence debt levels in historic oilfield service and exploration and production contexts; and (h) various stakeholder demographic analyses. As part of such meeting, the Independent Directors met in camera to consider the Recapitalization Transaction, including to consider determinations relating to the financial hardship exemption afforded by MI 61-101 in respect of the valuation requirement pertaining to the New 1.5 Lien Note Offering as a "related party transaction". In addition, the Board received the verbal independent Opinions from Peters & Co. Following such review, the Independent Directors recommended that the Board approve the Recapitalization Transaction (including the New 1.5 Lien Note Offering) and, following such recommendation, the Board approved the Recapitalization Transaction and the application for recognition of the Preliminary Interim Order in the United States.

On July 14, 2020, Calfrac announced, among other things, that it had obtained the Preliminary Interim Order, as well as the Company's decision to proceed with the Recapitalization Transaction. Calfrac also announced it had entered into Noteholder Support Agreements with certain Senior Unsecured Noteholders holding approximately 50% of the outstanding principal amount of the Senior Unsecured Notes, and Shareholders holding approximately 23% of the outstanding Common Shares. Later that day, Calfrac attended proceedings in the United States Bankruptcy Court for the Southern District of Texas, Houston Division, and obtained an order granting emergency provisional relief pursuant to Chapter 15 of the United States Bankruptcy Code applying a stay on a limited basis to Calfrac, the other Applicants and their respective property located in the United States pending Chapter 15 recognition of the CBCA Proceedings (the "**Chapter 15 Relief**"). The Chapter 15 Relief was obtained by Calfrac to ensure it had the opportunity to restructure and effect the Recapitalization Transaction through the CBCA Proceedings and to seek recognition of the CBCA Proceedings and enforcement of the Arrangement in the United States once approved by Alberta's Court of Queen's Bench. As described further under "*Calfrac and Wilks Brothers*" and "*Reasons to Support the*

*Recapitalization Transaction*", Wilks Brothers is opposing the Chapter 15 Relief on the basis that Chapter 11 bankruptcy proceedings should apply to Calfrac in the U.S.

Following Calfrac's public announcement of the Recapitalization Transaction, additional Senior Unsecured Noteholders expressed support for the transactions and entered into additional Support Agreements with Calfrac. On July 22, 2020, Calfrac announced that Senior Unsecured Noteholders, then representing approximately 66% of the outstanding principal amount of the Senior Unsecured Notes, had entered into Support Agreements and agreed to vote in favour of and support the Recapitalization Transaction and the Arrangement. As of the date of this Circular, the Recapitalization Transaction is supported by holders of approximately 78% of the Senior Unsecured Notes and approximately 23% of the Common Shares, all of which have entered into Support Agreements with the Company pursuant to which they have agreed, among other things and subject to the terms of such agreements, to vote in favour of the Arrangement.

***Wilks Brothers Public Announcement***

On August 4, 2020, Wilks Brothers publicly announced a proposal for a recapitalization transaction (the "**Wilks Brothers Proposal**"), in the context of Calfrac's negotiated Recapitalization Transaction, and despite Wilks Brothers having elected not to accept Calfrac's repeated invitations to enter into a non-disclosure agreement since late May 2020.

***Calfrac Special Committee Reviews the Wilks Brothers Proposal***

On August 4, 2020, the same day as the Wilks Brothers Proposal was announced, the Board determined that it would be desirable to establish a special committee of independent directors (the "**Special Committee**") to evaluate the Wilks Brothers Proposal.

The Board appointed the Special Committee consisting of three independent members of the Board: Gregory S. Fletcher (acting as chair of the Special Committee), James S. Blair, and Kevin R. Baker. The Special Committee was given unfettered access to the Financial Advisors. The Special Committee engaged Norton Rose Fulbright Canada LLP ("**Norton Rose Fulbright**") as its independent legal counsel effective August 6, 2020.

The Special Committee established a mandate to, among others things: (a) assess, consider and review the terms of the Wilks Brothers Proposal; (b) supervise, conduct and manage the process to be followed by Calfrac in continuing to review the Recapitalization Transaction and considering proposed amendments thereto, if any; (c) evaluate, assess, consider, review and respond to any expressions of interest or proposals ("**Alternative Proposals**") received by Calfrac and whether such Alternative Proposals constitute a Superior Proposal; and (d) to make a recommendation to the Board after having received the advice of the independent financial and legal advisors and engaging in discussions with the Initial Consenting Noteholders about whether the Wilks Brothers Proposal constitutes a Superior Proposal.

The Special Committee held six meetings between August 6, 2020 and August 15, 2020, at which the Special Committee discussed the Wilks Brothers Proposal, the Recapitalization Transaction, and other related matters. During these meetings, representatives of the Financial Advisors provided financial analyses for evaluating the Wilks Brothers Proposal, including a review of the consideration to be received by stakeholders.

The representatives of Norton Rose Fulbright provided legal advice related to the Special Committee's fiduciary duties, responsibilities under its mandate, and provided advice on the interpretation of key provisions under the Support Agreements.

At the end of each meeting, the Special Committee held in-camera sessions to further consider the Wilks Brothers Proposal, the Recapitalization Transaction and other related matters.

At the direction of the Special Committee, and as allowed under the terms of the Support Agreements, each of Mr. Fletcher and the Financial Advisors separately contacted a number of the Initial Consenting Noteholders and their advisors to determine the views and feedback of the Initial Consenting Noteholders with respect to the Wilks Brothers Proposal and, in particular, to confirm whether the Senior Unsecured Noteholders holding in aggregate not less than

$66^{2/3}$% of the Senior Unsecured Notes considered the Wilks Brothers Proposal to be a Superior Proposal. Without exception, those Senior Unsecured Noteholders (or the representatives of such Senior Unsecured Noteholders) that were contacted advised both Mr. Fletcher and the Financial Advisors that they did not consider the Wilks Brothers Proposal to be a Superior Proposal and were not supportive of the Wilks Brothers Proposal. The Initial Consenting Noteholders contacted by Mr. Fletcher and the Financial Advisors control the majority of the face value of the Senior Unsecured Notes, and therefore their support would be a necessary prerequisite to implement the Wilks Brothers Proposal.

On August 15, 2020, after carefully considering the matters discussed in each of the Special Committee's meetings, and relying on the advice from both the Financial Advisors and Norton Rose Fulbright, the Special Committee determined that the Wilks Brothers Proposal does not constitute a Superior Proposal and recommended that the Board also determine that the Wilks Brothers Proposal does not constitute a Superior Proposal.

The Special Committee, in reaching its determination and recommendation, focused on, among other factors, the required elements of the definition of "Superior Proposal" under the Support Agreements. In particular, the Wilks Brothers Proposal could not reasonably be expected to result in a transaction more favourable to Calfrac and its stakeholders as it does not meet the thresholds of a Superior Proposal for the following reasons:

(a) Senior Unsecured Noteholders holding in aggregate approximately 78% of the Senior Unsecured Notes have entered into Support Agreements supporting the Recapitalization Transaction, and Initial Consenting Noteholders controlling the majority of the face value of the Senior Unsecured Notes have directly expressed to Mr. Fletcher and the Financial Advisors that they did not consider the Wilks Brothers Proposal to be a Superior Proposal and would not support the Wilks Brothers Proposal; and

(b) based on the terms of the Support Agreements and legal advice received, the Wilks Brothers Proposal is not capable of being implemented without the support of Senior Unsecured Noteholders holding not less than $66^{2/3}$% of the aggregate principal amount of the Senior Unsecured Notes outstanding and as such, the Wilks Brothers Proposal is not capable of being consummated on its terms.

In addition to the reasons listed above, the Special Committee also provided the following additional observations to the Board on presentation of its report:

(a) all of the terms of the Recapitalization Transaction were negotiated on an arms' length basis between and among sophisticated parties aided by legal and financial advisors;

(b) the Special Committee believes that the Recapitalization Transaction provides Calfrac with a path to navigate through the current depressed state of the oilfield services sector and the opportunity to experience improvement in its business;

(c) under the Wilks Brothers Proposal, Wilks Brothers would effectively control Calfrac through its resulting majority equity position, while at the same time owning 100% of an entity directly competing with Calfrac, which may limit future opportunities of Calfrac and its stakeholders;

(d) the Recapitalization Transaction allows a broader range of stakeholders to determine the future of Calfrac, thereby providing Calfrac with more optionality and potential alternatives as to its future direction; and

(e) the consummation of the Recapitalization Transaction should not prohibit Calfrac from subsequently executing a consensual change of control or other transactions with any third party.

**Reasons for the Recapitalization Transaction**

The Board believes that the Recapitalization Transaction offers the following benefits to Calfrac and its Shareholders and Senior Unsecured Noteholders:

(a) it provides for a comprehensive recapitalization that is actionable and capable of compromising the rights of Senior Unsecured Noteholders (in light of the default on the Company's June 15, 2020 interest payment thereon), given the support from holders of approximately 78% of the Senior Unsecured Notes and approximately 23% of the Common Shares;

(b) it avoids the potential that Shareholder recovery could be significantly lower, or potentially zero in an alternate transaction;

(c) it preserves Calfrac as an independent company free of competitor control;

(d) it preserves Calfrac's ability to pursue a future value-enhancing or change of control transaction in more advantageous market conditions;

(e) it provides Shareholders and Senior Unsecured Noteholders with an opportunity to participate in the economic benefit of Calfrac through their ownership of Common Shares;

(f) it achieves a sustainable capital structure;

(g) it increases access to liquidity, improves the Calfrac's leverage, strengthens its financial position and ultimately maximizes value for its stakeholders;

(h) it improves financial strength and reduces financial risk by:

  (i) retiring approximately $571.8 million of its outstanding total debt; and

  (ii) reducing its annual cash interest expense by approximately $52.7 million (in each case, see *"Effect of the Recapitalization Transaction*");

  interest on the New 1.5 Lien Notes can be paid in kind at Calfrac's option, thereby providing flexibility with respect to future cash interest payments;

(i) it improves liquidity through (i) the issuance of $60 million aggregate principal amount of New 1.5 Lien Notes; and (ii) relieves the Company from the obligation to pay cash interest in respect of the Senior Unsecured Notes, as accrued unpaid interest will be settled and extinguished pursuant to the Plan of Arrangement (and the principal amount of the Senior Unsecured Notes will be converted into or exchanged for New Common Shares);

(j) it amends the First Lien Credit Agreement pursuant to the First Lien Credit Agreement Amendment, subject to the approval of the First Lien Lenders and the Court, which is then expected to provide the necessary flexibility to carry out the Recapitalization Transaction; and

(k) it positions the Company to:

  (i) maintain liquidity to survive during the ongoing depressed commodity price environment;

  (ii) invest in working capital required to participate in an industry recovery, when it occurs, with improved activity levels; and

  (iii) provide flexibility to raise additional capital in the future.

**If the Recapitalization Transaction is not completed, the Company would need to obtain alternative financing to repay such indebtedness and to finance its ongoing operating activities in short order. There is no assurance that such alternative financing would be available to the Company or if available, available on satisfactory terms or within the time available to the Company. If the Company is unable to secure alternative financing in the near term, the Company may be required to seek protection from its creditors under the CCAA. The resulting value available to stakeholders may be significantly less, and any proceeds available for distribution to stakeholders would be paid in priority to the First Lien Lenders, Second Lien Noteholders and Senior Unsecured Noteholders, with the remaining proceeds, if any, paid to the Shareholders. If the Recapitalization Transaction is not approved, there is significant risk that there may be reduced recovery for Senior Unsecured Noteholders and no recovery of any kind for Shareholders.**

See "*Risk Factors – Risks Relating to the Non-Implementation of the Recapitalization Transaction*".

**Peters & Co. Opinions**

Peters & Co. has provided the Board with: (a) a fairness opinion in respect of the Recapitalization Transaction (the "**Fairness Opinion**"); and (b) an opinion (the "**CBCA Opinion**", together with the Fairness Opinion, the "**Opinions**") in the form described in "Policy on Arrangements – Canada Business Corporations Act, section 192" (the "**CBCA Policy**"). Copies of the Opinions are attached as Appendix "J" to this Circular.

In the Opinions, Peters & Co. concludes that, as of the date of the Opinions: (a) the Senior Unsecured Noteholders and Shareholders would be in a better financial position, respectively, under the Recapitalization Transaction than if the Company were liquidated as, in each case, the estimated aggregate value of the consideration made available to the Senior Unsecured Noteholders and Shareholders, respectively, pursuant to the Recapitalization Transaction would exceed the estimated value the Senior Unsecured Noteholders and Shareholders would receive in a liquidation, respectively; and (b) the Recapitalization Transaction is fair, from a financial point of view, to the Company.

The Opinions describe the scope of the review undertaken by Peters & Co., the assumptions made by Peters & Co., the limitations on the use of the Opinions, and the basis of Peters & Co.'s fairness analysis for the purposes of the Opinions, among other matters. The summary of the Opinions set forth in this Circular is qualified in its entirety by reference to the full text of the Opinions. Peters & Co. has provided its written consent to the inclusion of the Opinions in this Circular.

***Assumptions***

The Opinions rely on various assumptions, including the accuracy, completeness and fair presentation of all of the financial and other information, data, advice, other materials, representations and opinions obtained by Peters & Co. from public sources or received from Calfrac or its consultants or advisors or otherwise pursuant to its engagement, and is conditional upon such completeness, accuracy and fairness.

The Opinions were rendered on the basis of securities market, economic and general business and financial conditions prevailing as at the date thereof and the condition and prospects, financial and otherwise, of Calfrac as reflected in the information and documents reviewed by Peters & Co. and as represented to Peters & Co. in its discussions with the senior management of Calfrac. In its analyses, numerous assumptions were made with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of any party involved.

***Limitations***

Peters & Co. has performed such financial analyses as it considered to be appropriate and necessary in the circumstances to support the conclusions reached in the Opinions. However, Peters & Co. has not been engaged to prepare a formal valuation of any of the assets, shares, liabilities or other securities involved in the Arrangement and the Opinions should not be construed as such. In particular, Peters & Co. has not provided, and the Opinions should not be construed as:

(a) an opinion as to the fairness of the Recapitalization Transaction to the Senior Unsecured Noteholders;

(b) an opinion as to the relative fairness of the Recapitalization Transaction among and between the Senior Unsecured Noteholders and Shareholders;

(c) an opinion as to the fairness of the process underlying the Recapitalization Transaction;

(d) a formal valuation or appraisal of the Company or any of its securities or assets or the securities or assets of the Company's associates or affiliates (nor has Peters & Co. been provided with any such valuation);

(e) an opinion concerning the future trading price of any of the securities of the Company, or of securities of its associates or affiliates following the completion of the Recapitalization Transaction;

(f) an opinion as to the ability of the Company after the implementation of the Recapitalization Transaction to repay (or refinance) the principal amount of its indebtedness (after giving effect to the Recapitalization Transaction);

(g) a recommendation to any Senior Unsecured Noteholders as to whether or not such Senior Unsecured Notes should be held, or sold or to use the voting rights provided in respect of the Recapitalization Transaction to vote for or against the Arrangement or to participate or not participate in the Pro Rata Offering;

(h) a recommendation to any Shareholder as to whether or not the Common Shares should be held or sold or to use the voting rights provided in respect of the Recapitalization Transaction to vote for or against certain steps necessary to implement the Recapitalization Transaction; or

(i) an opinion of the merits of entering into the Arrangement or any alternative business strategy.

***Approach to Fairness Opinion***

For the purposes of the Fairness Opinion, Peters & Co. considered that the Recapitalization Transaction would be fair, from a financial point of view, to Calfrac if the transaction:

(a) provides the Company with a more appropriate capital structure, by reducing the total amount of debt outstanding and related interest and principal burden;

(b) reduces the risk that the Company's cash flow from operations and available liquidity would be insufficient to provide adequate funds to finance operating and capital expenditures and to service its debt obligations;

(c) provides the potential for the Company to generate value by operating as a going concern and by benefiting from any future improvement in the energy services industry;

(d) provides the Company with the potential to regain access to capital markets; and

(e) is better than other known feasible alternatives, based on the above criteria.

In preparing the Fairness Opinion, Peters & Co. relied upon the discussions, documents and materials referred to under the "*Scope of Review*", reviewed with the Company's management known feasible alternative transactions available to the Company, and considered a number of factors including, but not limited to:

(a) the Company, based on its current capital structure and the current outlook for the energy services industry, is unable to execute its business plan and service its debt obligations;

(b) in the event that the Company has insufficient liquidity to continue to operate the business or the Company is unable to service its debt obligations and/or refinance its debt as it matures, a likely result, in the absence of implementing the Recapitalization Transaction, is an insolvency process which would be expected to have a negative impact on the overall enterprise value of the Company;

(c) the Recapitalization Transaction would extinguish the Senior Unsecured Notes, substantially reducing the Company's outstanding debt;

(d) the Recapitalization Transaction would substantially reduce the Company's annual cash interest expense and future principal repayment obligations;

(e) the Company has the opportunity, at this time, to effect a Recapitalization Transaction with the approval of each of the Senior Unsecured Noteholders and Shareholders in accordance with applicable law; and

(f) the Company is not aware of any feasible alternative transactions that are better than the Recapitalization Transaction.

***Approach to CBCA Opinion***

The CBCA Policy recommends that corporations seeking to implement a plan of arrangement pursuant to section 192 of the CBCA that contemplates the compromise of debt, obtain an opinion in compliance with the CBCA Policy.

As contemplated by the CBCA Policy and for the purposes of the CBCA Opinion, Peters & Co. considered that the Senior Unsecured Noteholders and Shareholders would be in a better financial position under the Recapitalization Transaction than if the Company were liquidated, if the estimated aggregate value of the consideration made available to the Senior Unsecured Noteholders and Shareholders, respectively, pursuant to the Recapitalization, exceeds the estimated value the Senior Unsecured Noteholders and Shareholders would receive in a liquidation, respectively.

In preparing the CBCA Opinion, Peters & Co. relied upon the discussions, information, documents and materials referred to under the "Scope of Review" and reviewed with the Company's management the alternatives reasonably available to the Company, and considered, among other things, the following matters:

(a) in a liquidation process, prospective buyers will be aware that the vendor is compelled to sell its assets, which may have a negative impact on the value realized;

(b) a liquidation process is likely to have a negative impact on the value of the Company's business as customers, suppliers and employees react to protect their own interests;

(c) a liquidation process may give rise to significant incremental costs, including senior secured debtor in possession financing, and additional legal and financial advisory costs which would be incurred to implement the liquidation and address the associated legal proceedings;

(d) the current weak conditions in the capital markets and the energy services industry would likely reduce the field of prospective bidders and constrain the bidding of participants in a liquidation process;

(e) the Recapitalization Transaction would significantly reduce the total amount of debt outstanding, reducing the risk that the Company's cash flow from operations and available liquidity would be insufficient to provide adequate funds to finance the operating and capital expenditures and service its debt obligations; and

(f) following the Recapitalization Transaction, the Company has the potential to generate value by operating as a going concern and by benefiting from any future improvement in the energy services industry.

***Independence of Peters & Co.***

Neither Peters & Co. nor any of its affiliates or associates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)) of the Company. Neither Peters & Co. nor any of its affiliates is acting as an advisor to the Company or any holder of the Common Shares or Senior Unsecured Notes in connection with any matter, other than pursuant to the engagement as an independent financial advisor to the Board. In the last two years, Peters & Co. was a co-dealer-manager in connection with the Exchange Offer, was co-manager in connection with the Company's US$650,000,000 Senior Unsecured Note offering which closed in May 2018 and was financial advisor to the Company in connection with the divestiture of certain non-core assets pursuant to an engagement agreement that terminated on December 31, 2018.

There are no understandings, agreements or commitments between Peters & Co. and the Company with respect to future business dealings. Peters & Co. may, in the future, in the ordinary course of business, provide financial advisory, investment banking or other financial services to the Company from time to time.

Peters & Co. acts as a trader and dealer, both as principal and as agent, in all major Canadian financial markets and as such has had, or may have, positions in the securities of the Company from time to time as has executed, or may execute, transactions in the securities of the Company for which it receives compensation. In addition, as an investment dealer, Peters & Co. conducts research on securities and may, in the ordinary course of its business, be expected to provide investment advice to its clients on investment matters, including in respect of the Common Shares, Senior Unsecured Notes and/or the Recapitalization Transaction.

## RECOMMENDATION OF THE BOARD OF DIRECTORS

After careful consideration and based on several factors, including the Opinions, the Company's review of potential alternatives, the lengthy and detailed consultation and negotiations with affected stakeholders, the advice of legal and financial advisors and the estimate of the likely value that would be received by Shareholders should the Company not pursue the Recapitalization Transaction, the Board of Directors has unanimously determined that the proposed Recapitalization Transaction is the best available transaction for the Company, and has authorized its submission to the Senior Unsecured Noteholders, Shareholders and the Court for their respective approvals.

The Board of Directors considered various factors discussed in the section "*Background to and Reasons for the Recapitalization Transaction*", including challenges in servicing and repaying the existing debt and the necessity to rationalize the capital structure to be able to raise additional funds to maintain its business.

Further, the Board of Directors took note of the fact that holders of approximately 78% of the Senior Unsecured Notes and approximately 23% of the Common Shares were supportive of the Recapitalization Transaction. The Board of Directors unanimously recommends that all Senior Unsecured Noteholders and Shareholders support the Recapitalization Transaction.

**The Company cautions the Securityholders that should the Recapitalization Transaction not be approved by Senior Unsecured Noteholders and Shareholders, in the absence of any transaction that is capable of receiving broad support throughout the Company's capital structure, the Company may be required to consider or proceed with one or more alternative transactions that result in a reduced or no recovery to Shareholders or Senior Unsecured Noteholders.**

## REASONS TO SUPPORT THE RECAPITALIZATION TRANSACTION

The Board unanimously recommends that Shareholders and Senior Unsecured Noteholders support the Recapitalization Transaction by voting **FOR** the resolutions to be presented at the Shareholder and Senior Unsecured Noteholder Meetings, for the following reasons:

**The Recapitalization Transaction avoids insolvency.**

Calfrac cannot sustain its current level of debt nor carry the related interest costs in the current economic environment, where demand for its services is severely constrained.

Asking Senior Unsecured Noteholders to compromise their debt and Shareholders to reduce their ownership interests is not something Calfrac did without a thorough analysis of available alternatives. Calfrac has to de-lever its balance sheet or risk moving to insolvency protection or another version of a credit event.

**The Recapitalization Transaction will preserve Calfrac as an independent company free of competitor control.**

Under the Recapitalization Transaction, Calfrac will be free to pursue its business plan in its own interest in all geographical markets without the influence of a controlling shareholder with divergent business interests. Under the Wilks Brothers Proposal, Wilks Brothers would effectively control Calfrac through its resulting majority equity position, while at the same time owning 100% of ProFrac Services, LLC, a direct competitor of Calfrac.

**The Recapitalization Transaction preserves Calfrac's ability to pursue a future change of control transaction.**

The Recapitalization Transaction preserves the ability of the Company to pursue and consummate future value-enhancing or change of control transactions, in more advantageous market conditions. Furthermore, the Recapitalization Transaction provides Shareholders and Senior Unsecured Noteholders with an opportunity to participate in connection with any such future value-enhancing or change of control transactions through the ownership of Common Shares. By comparison, the Wilks Brothers Proposal is essentially a thinly-veiled change of control transaction offering no change of control or "takeover" premium to Shareholders. Consummation of the Wilks Brothers Proposal may limit the opportunity of any other acquiror being able to purchase Calfrac at a premium in the future.

**Shareholders may lose their entire investment if the Recapitalization Transaction is not approved.**

The Recapitalization Transaction significantly dilutes Shareholders' investment; however, in any insolvency proceeding (such as the one that Wilks Brothers is asking the U.S. Court to impose) or other creditor protection proceeding, the credit hierarchy will prevail. Shareholders will likely be significantly worse off, prospectively facing a loss of their entire investment. For Shareholders, the Recapitalization Transaction is the best alternative for remaining invested in a recapitalized Calfrac that is better positioned to operate in the current environment.

While the Recapitalization Transaction is dilutive to existing Shareholders, it provides the liquidity required for Calfrac to pursue the execution of its business plan and preserves the opportunity for a change of control premium for Shareholders in connection with any potential future change of control or value-enhancing transaction.

**The Recapitalization Transaction has key stakeholder support.**

The Recapitalization Transaction is a fair and negotiated solution to Calfrac's need to reduce debt that recognizes and balances the rights and interests of the respective securityholders.

As a negotiated solution, the Recapitalization Transaction has support from holders of approximately 78% of the Senior Unsecured Notes, meeting and surpassing the required $66^{2/3}$% threshold to have the support of that class.

**The Recapitalization Transaction is the only transaction being voted upon.**

The Recapitalization Transaction is the only available alternative to the very adverse outcomes described herein, that will otherwise arise.

## CALFRAC AND WILKS BROTHERS

On August 4, 2020, Wilks Brothers, publicized an alternative recapitalization proposal (the "**Wilks Brothers Proposal**") in respect of Calfrac. Wilks Brothers now seeks to have its newest proposal supercede and replace the Recapitalization Transaction. The Recapitalization Transaction is a transaction supported by holders of approximately 78% of the Senior Unsecured Notes, a critical requirement for success, and approximately 23% of the Common Shares and was announced by Calfrac on July 14, 2020 after significant arm's length negotiation with parties willing to engage at the critical time preceding the pending expiry of the interest payment grace period under the Senior Unsecured Notes. Wilks Brothers has previously engaged in a number of discussions with, and has advanced proposals to, Calfrac over the past three years (the "**Prior Wilks Brothers Proposals**"). None of the Prior Wilks Brothers Proposals, after detailed analysis and receipt of legal and financial advice, were determined to be in the best interests of Calfrac and its stakeholders.

### Background of Discussions Between Calfrac and Wilks Brothers

The communication and discussions between Calfrac and Wilks Brothers began in 2016, and became more specific when Wilks Brothers publicly identified itself as an activist investor in Calfrac in September 2017. A recurring Wilks Brothers' proposal, beginning in 2017, has been the separation of Calfrac's U.S. business from its other geographic business segments. Wilks Brothers had previously expressed its interest, including in the Prior Wilks Brothers Proposals, in being a potential acquiror of, or investor in, Calfrac's U.S. business.

### The Wilks Brothers Non-Disclosure Breach and the Lawsuit

The initial discussions between Calfrac and Wilks Brothers at such time were, from Calfrac's perspective, cooperative and constructive until the Wilks Brothers published a press release challenging Calfrac's strategy and management at a critical point during the offering of the Senior Unsecured Notes in May of 2018. The issuance of this press release by Wilks Brothers was later determined by the Alberta Court of Queen's Bench, in a lawsuit filed by Calfrac, to constitute a breach by Wilks Brothers of the non-disclosure agreement between the two companies. Calfrac initiated the lawsuit in order to recover, for the benefit of its stakeholders, the material damages that Wilks Brothers' actions caused, including the significant increase in the interest rate of the Senior Unsecured Notes that were issued in May 2018 following the press release (which Senior Unsecured Notes are now the subject of the Recapitalization Transaction). In the lawsuit, Calfrac received a favourable Court ruling and is now seeking damages from Wilks Brothers of $100 million, or such other amount as the Court may determine.

### Calfrac's Invitations to Wilks Brothers

The actions that led to the lawsuit created strained relations between Calfrac and Wilks Brothers for a considerable period of time. Nonetheless, after the start of the COVID-19 pandemic, which led to an anticipated need for Calfrac to consider restructuring its debt, in mid-March of 2020 Calfrac and Wilks Brothers reinitiated correspondence. During this period, Calfrac actively solicited the interest of Wilks Brothers in potential cooperative transactions to refinance and restructure the Company's capital structure. This outreach included an offer by Calfrac to enter into a new non-disclosure agreement with Wilks Brothers, despite Wilks Brothers' breach of the prior non-disclosure agreement with Calfrac. Initially, Wilks Brothers indicated interest in a consensual restructuring and liquidity transaction, and in working collaboratively with Calfrac, and as a result the negotiation of a new non-disclosure agreement proceeded.

**Wilks Brothers Reverts to its Previous Aggressive Strategies and Interactions with Calfrac**

Despite its stated intentions, in early June 2020, Wilks Brothers abruptly declined to sign the new non-disclosure agreement that, by this time, had been fully-negotiated and agreed upon with Calfrac as at June 10, 2020. Wilks Brothers then set out on a more aggressive strategy. During the period from June 11 to June 26, 2020, Wilk Brothers acquired more than 50% of Calfrac's outstanding Second Lien Notes at a significant discount to par value. On June 22 and June 30, 2020, Wilks Brothers made successive offers to acquire Calfrac's U.S. business at very low prices. These offers were structured to be highly advantageous to Wilks Brothers, but not to other Calfrac stakeholders; including the secured and unsecured debtholders, and the Shareholders. In each case, the Wilks Brothers offers were declined by Calfrac following receipt of advice from Calfrac's financial and legal advisors, on the basis that they significantly undervalued Calfrac's U.S. business, and were not executable due to their proposed prejudicial treatment of the remaining business of Calfrac and of other stakeholders.

**Wilks Brothers Avoids Collaboration and Calfrac Strikes a Deal with Willing Stakeholders**

During this time, the pending expiry on July 15, 2020 of the interest payment grace period on the Senior Unsecured Notes approached, which was public knowledge, including to Wilks Brothers. Although possessing this knowledge, and having received repeated invitations from Calfrac to reconsider entering into a new non-disclosure agreement to further discussions, Wilks Brothers made no effort to engage in discussions about a consensual recapitalization transaction. Noting the actions of Wilks Brothers and its apparent disinterest in a consensual deal, Calfrac continued to advance a recapitalization transaction with the stakeholders that were willing to engage with the Company, which culminated in the Recapitalization Transaction that is the subject of this Circular.

**Wilks Brothers Opposes Company's Efforts and Tries Several Times to Push Calfrac into Insolvency**

More recently, and as described further under "*Reasons to Support the Recapitalization Transaction*", Wilks Brothers has made repeated attempts in Canadian and U.S. court proceedings to oppose or overturn the legal orders and processes that are integral to the Recapitalization Transaction, and Wilks Brothers has repeatedly applied to the courts for relief that would essentially force Calfrac into insolvency. In fact, Wilks Brothers expressly told the U.S. court that Calfrac should be put into an insolvency proceeding. Since the announcement of the Wilks Brothers Proposal, in its capacity as a holder of Second Lien Notes, Wilks Brothers has also appealed the refusal of the Court of Queen's Bench of Alberta to exempt Wilks Brothers from the stay of proceedings that applies to the Senior Unsecured Noteholders and Second Lien Noteholders. In refusing Wilks Brothers' request to carve it and the other Second Lien Noteholders out of the stay, the Court stated that the stay provides protection to all parties, preserves a level playing field for all parties, and prevents any positioning maneuvers among creditors during this interim period that would give an aggressive creditor, such as Wilks Brothers, an advantage.

**The Motives and Actions of Wilks Brothers Should be Assessed Carefully**

All the foregoing matters raise serious questions and concerns about Wilks Brothers' actual motivations and the likely consequences of its proposed actions. As a competitor of Calfrac, Wilks Brothers would be positioned to benefit greatly from any resulting liquidation of Calfrac's equipment, facilities and other tangible assets in the most adverse oil service market conditions since the Great Depression. Such a precipitous action would also be highly prejudicial to other Calfrac stakeholders.

Wilks Brothers' continued aggressive pursuit of the insolvency of Calfrac, which would have the likely result of destroying the value of the Common Shares (including Wilks Brothers' own 19.78% share interest) and the Senior Unsecured Notes, similarly raises material concerns about what Wilks Brothers seeks to accomplish.

In addition, any scenario that would involve Wilks Brothers both controlling Calfrac and continuing to operate its own 100%-owned competing company, ProFrac Services, LLC, would be fraught with conflicts and unknown risks to Calfrac stakeholders. Moreover, Shareholders and other stakeholders would be denied the opportunity of any future change of control transaction. It is intuitive that the economic interests of Wilks Brothers would not be the same as those of the other Shareholders.

**Wilks Brothers Should Look to its Own Conduct**

If Wilks Brothers wishes to determine the reasons for its inability to consummate a successful transaction with Calfrac, it need look no further than its own conduct. The cumulative effect of Wilks Brothers' various actions has been substantial: the above-mentioned public breach of confidentiality in 2018 and resulting favorable Court ruling for Calfrac; the ill-advised, and self-interested, recommendations to split-up Calfrac's businesses; several disadvantageous, predatory acquisition attempts for Calfrac's U.S. business; unpredictable, on/off discussions about entering into a non-disclosure agreement and negotiating a consensual deal; and aggressive legal strategies to frustrate Calfrac's objectives to now achieve the best possible result, balancing the interests of all stakeholders and obtaining requisite support from key stakeholders.

## THE WILKS BROTHERS PROPOSAL

Stakeholders may also be aware of the Wilks Brothers Proposal, but should be mindful that it is not being put forward to stakeholders for consideration, as it does not represent a "Superior Proposal" (as defined in the Noteholder Support Agreements) and, in particular, that the Wilks Brothers Proposal could not reasonably be expected to result in a transaction more favourable to the Company and its stakeholders as discussed in greater detail herein.

The Recapitalization Transaction is the only realistic and executable transaction available to Calfrac and before its Shareholders

Nevertheless, in light of the public announcement of the Wilks Brothers Proposal, Calfrac feels it necessary to address certain concerns with the Wilks Brothers Proposal.

**Shareholders should evaluate Wilks Brothers' intentions**

Wilks Brothers has taken many actions in the pursuit of its own agenda. Shareholders should carefully evaluate Wilks Brothers' true motives. For example, Wilks Brothers has portrayed itself as a protector of shareholder interests:

> "Wilks Brothers, LLC Successfully Intervenes in the Calfrac Interim Order Process to Protect Stakeholder Rights"
>
> - Wilks Brothers news release (August 10, 2020)

Yet, in the Alberta courts, Wilks Brothers has done anything but seek to protect Shareholders, and has repeatedly sought to oppose the very stay that would permit a restructuring of Calfrac's capital structure to proceed.

> "The Wilks Brothers submit that the potential prejudice that may be caused by the Stay Provision outweighs the benefits that may be achieved for all stakeholders…
>
> On the other hand, the prejudice to the Calfrac Entities, and all other stakeholders, has the potential of derailing a heavily negotiated restructuring…
>
> Without the Stay Provision, the Calfrac Entities may be forced to file insolvency proceedings. <u>That could result in, among other things, an automatic and permanent destruction of all value for the shareholders</u>…" [emphasis added]
>
> - Alberta Court of Queen's Bench (July 27, 2020 decision)

Wilks Brothers has stated that its proposal is now designed for the betterment of Shareholders. However, at the same time that it is heralding the benefits that its proposal will provide to Shareholders, Wilks Brothers is aggressively seeking to promote the initiation of bankruptcy proceedings for Calfrac in U.S. courts, which if successful will result in irrevocable value destruction for Shareholders.

**The Wilks Brothers Proposal does not explain the business logic of a direct competitor owning 100% of its own private company (ProFrac Services, LLC), while still prospectively competing in business with a public company (Calfrac) in which it proposes to own a controlling interest in excess of 60%**

Under the Wilks Brothers Proposal, Wilks Brothers would effectively control Calfrac through its resulting majority equity position, while at the same time owning 100% of ProFrac Services, LLC, a direct competitor of Calfrac.

In addition to the competitive and other conflicts that such a result would present, the implementation of the Wilks Brothers Proposal would likely also negatively impact the trading value and liquidity of Calfrac's common shares, and limit the opportunity of any other acquiror being able to purchase Calfrac at a premium in the future. This may affect Senior Unsecured Noteholders and Shareholders since, under the Wilks Brothers Proposal, their future economic recovery would essentially be determined by the future value of the Calfrac common shares in a company faced with the conflict of being controlled by a competitor and with little to no ability to achieve a change of control premium from a third party. Giving up, or retaining, the actual control of a company's future destiny is a matter of considerable importance to shareholders. It seems most probable that the Common Shares of a restructured Calfrac, were it to be majority-controlled by a competitive Wilks Brothers, would be continuously attributed a lower ongoing valuation by the stock market, for this reason. In addition, other industry participants would have a very low incentive to be interested in acquiring a restructured Calfrac that would then already be controlled by Wilks Brothers.

**The Wilks Brothers Proposal seeks to secure the Wilks Brothers a change of control, without paying any premium to Shareholders**

The Wilks Brothers Proposal is essentially a thinly-veiled change of control transaction offering no change of control or "takeover" premium to Shareholders.

Consummation of the Recapitalization Transaction would not prohibit Calfrac from subsequently executing a consensual change of control or other transaction with any third party.

## INFORMATION CONCERNING THE MEETINGS

### General

This Circular is furnished in connection with the solicitation of proxies by and on behalf of Management and the Board. No person has been authorized to give any information or to make any representations in connection with the Recapitalization Transaction other than those contained in this Circular and, if given or made, any such other information or representation should be considered as not having been authorized.

### Meetings

| Meeting | Location | Time and Date |
|---|---|---|
| Senior Unsecured Noteholders' Meeting | McMurray Room, Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta | September 17, 2020 at 1:00 p.m. (Calgary time) |
| Shareholders' Meeting | McMurray Room, Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta | September 17, 2020 at 2:00 p.m. (Calgary time) |

Due to the current and continually evolving COVID-19 pandemic, the Company encourages its Senior Unsecured Noteholders and Shareholders to consider the advice and instructions of the Public Health Agency of Canada (www.canada.ca/en/public-health.html) and Alberta Health Services (www.albertahealthservices.ca) when deciding whether to attend the Meetings in person. Given the fundamental nature of the Recapitalization Transaction and the Meetings, the Company determined that the Meetings should be held in person, however, access to the Meetings will be limited to essential personnel and registered Shareholders, Senior Unsecured Noteholders and duly appointed

proxyholders entitled to attend and vote at the Meetings. The Company encourages registered Shareholders, Senior Unsecured Noteholders and duly appointed proxyholders to not attend the Meetings in person, particularly if they are experiencing any of the described COVID-19 symptoms. The Company encourages Shareholders and Senior Unsecured Noteholders to vote their respective Common Shares and Senior Unsecured Notes prior to the Meetings following the instructions set out in the form of proxy, voting instruction form and/or voting information and election form, as applicable, received by such Shareholders and Senior Unsecured Noteholders, and further described in this Circular.

The Company may take additional precautionary measures in relation to the Meetings in response to further developments with the COVID-19 pandemic. In the event it is not possible or advisable to hold the Meetings in person, the Company will announce alternative arrangements for the Meetings as promptly as practicable, which may include holding the Meetings entirely by electronic means, telephone or other communication facilities. Please monitor our website at www.calfrac.com for updated information.

The Company will be providing a live webcast of the Meetings. Shareholders and Senior Unsecured Noteholders not attending the Meetings in person are encouraged to listen to the webcast. However, neither the Shareholders nor the Senior Unsecured Noteholders will be able to vote through the webcast or otherwise participate in the Meetings. A link to the webcast will be available on the Company's website at www.calfrac.com.

## SOLICITATION OF PROXIES

**Management and the Board are soliciting proxies for use at the Meetings. Proxies will be solicited by mail and may also be solicited personally or by telephone, e-mail or other electronic means by the Proxy, Information and Exchange Agent, and by the directors, officers and/or employees of Calfrac. Directors, officers and employees of Calfrac involved in the solicitation of proxies will not be specifically remunerated therefor.**

**Calfrac has designated the individuals named on the enclosed form of proxy, Notices of Meeting, voting instruction form or request for voting instructions as persons whom Voting Parties may appoint as their proxyholders. If a Voting Party wishes to appoint an individual not named therein to represent such Voting Party at a Meeting that the Voting Party is entitled to attend, such Voting Party may do so by crossing out the names on the enclosed form and inserting the name of that other individual in the blank space provided on the enclosed form, or following such other instructions provided by their Intermediary. A Senior Unsecured Noteholder wishing to attend the meeting or appoint a proxy should contact the Proxy, Information and Exchange Agent immediately to obtain the relevant form for appointment, which must be medallion stamped by the applicable Intermediary and returned to the Proxy, Information and Exchange Agent ahead of the Voting Deadline. A proxyholder need not be a Voting Party. If the Voting Party is a corporation, its proxy must be executed by a duly authorized officer or properly appointed attorney.**

Calfrac has retained Kingsdale Advisors as the Proxy, Information and Exchange Agent to solicit proxies from Voting Parties and provide other related services and has agreed to pay a fee of $45,000 plus a cost-per-call fee for proxy solicitation services and certain additional fees for other services provided in connection with the implementation of the Recapitalization Transaction. A Voting Party with any questions regarding the procedures for voting or making elections, or completing a proxy form, a voting instruction form, a voting information and election form or other form or request for voting instructions provided in connection with the Meetings or Arrangement should contact the Proxy, Information and Exchange Agent, toll-free in North America at 1-877-659-1822 or collect call outside North America at 1-416-867-2272, or by e-mail at contactus@kingsdaleadvisors.com.

Calfrac has requested Intermediaries who hold Common Shares or Senior Unsecured Notes in their names to furnish this Circular and accompanying materials to the Non-Registered Holders and to request authority to deliver a proxy. The Company will reimburse the Intermediaries for the reasonable costs incurred in obtaining authorization to execute forms of proxy from their Non-Registered Holders.

## APPOINTMENT OF PROXIES

Accompanying this Circular is the Shareholders' Meeting Package and/or the Senior Unsecured Noteholders' Meeting Package, as applicable.

The persons named in the enclosed form of proxy, voting instruction form or request for voting instructions provided by Intermediaries are directors and/or officers of the Company. **Each Shareholder and Senior Unsecured Noteholder has the right to appoint a person, other than the persons designated by Management in the forms of proxy or request for voting instructions, to represent such party at the applicable Meeting. A Shareholder giving a proxy can strike out the names of the Management designees printed in the accompanying form of proxy and insert the name of another designated person in the space provided, or the Shareholder may complete another form of proxy appointment or follow such other instructions provided by their Intermediary. A Senior Unsecured Noteholder wishing to attend the meeting or appoint a proxy should contact the Proxy, Information and Exchange Agent immediately to obtain the relevant form for appointment, which must be medallion stamped by the applicable Intermediary and returned to the Proxy, Information and Exchange Agent ahead of the Voting Deadline. A proxy designee need not be a Shareholder or Senior Unsecured Noteholder of the Company**.

## SENIOR UNSECURED NOTEHOLDER PROXIES AND VIEFS

All Senior Unsecured Noteholders are requested to vote in accordance with the instructions provided on the form of proxy or Senior Unsecured Noteholder VIEF, as applicable. In order to cast a vote at the Senior Unsecured Noteholders' Meeting, beneficial holders of the Senior Unsecured Notes must submit to their respective Intermediaries at or prior to the Voting Deadline, or such earlier deadline as an Intermediary may advise the applicable beneficial holder, their duly completed Senior Unsecured Noteholder VIEF (or such other documentation or information as the Intermediary may customarily request for purposes of obtaining voting instructions), in accordance with the instructions set forth in the Senior Unsecured Noteholder VIEF and any instructions provided by your Intermediary (following which Intermediaries will complete and submit to the Proxy, Information and Exchange Agent a master proxy on your behalf prior to the Early Consent Date and again at the Voting Deadline).

## SHAREHOLDER PROXIES AND VOTING INSTRUCTION FORMS

All Shareholders are requested to vote in accordance with the instructions provided on the appropriate proxy or Shareholder voting instruction form, using one of the available methods. In order to be effective, proxies or voting instruction forms must be received by the Transfer Agent, prior to the Voting Deadline. The Chair of the Shareholders' Meeting has discretion to accept proxies received after such deadline and the time limit for deposit of proxies may be waived or extended by the Chair of the Shareholders' Meeting at his or her discretion, without notice.

Registered Shareholders can submit their proxy: (a) by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5, (b) by hand delivery to Computershare Trust Company of Canada, 8th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or (c) by facsimile to (416) 263- 9524 or 1-866-249-7775. If you vote through the internet, you may also appoint another person to be your proxyholder who needs to attend the Shareholders' Meeting for your vote to count. Please go to www.investorvote.com and follow the instructions. You will require your 15-digit control number found on your proxy form.

The Company may utilize the Broadridge QuickVote™ service to help non-registered shareholders (beneficial shareholders) vote their shares. Non-registered (beneficial) Shareholders are contacted by Kingsdale Advisors to conveniently obtain voting instructions directly over the telephone. Broadridge Financial Solutions ("**Broadridge**") then tabulates the results of all instructions received and provides the appropriate instructions respecting the voting shares to be represented at the Shareholders' Meeting.

If you receive more than one proxy form because you own Common Shares registered in different names or addresses, then each proxy form should be completed and returned.

## ENTITLEMENT TO VOTE AND ATTEND

Subject to any further Order of the Court, pursuant to the Interim Order, those persons who are Senior Unsecured Noteholders on the Record Date are entitled to attend and vote at the Senior Unsecured Noteholders' Meeting. Senior Unsecured Noteholders entitled to vote at the Senior Unsecured Noteholders' Meeting will be entitled to one vote for each US$1,000 principal amount of Senior Unsecured Notes held by such Senior Unsecured Noteholder as of the Record Date in respect of the Senior Unsecured Noteholders' Arrangement Resolution and any other matters to be considered at the Senior Unsecured Noteholders' Meeting.

Registered Shareholders as of the Record Date and proxy appointments are entitled to attend and vote at the Shareholders' Meeting. Shareholders and proxy appointments will be entitled to one vote for each Common Share held as at the Record Date.

## VOTING OF PROXIES

The Existing Shares and Senior Unsecured Notes represented by any valid form of proxy, Shareholder voting instruction form, Senior Unsecured Noteholder VIEF, as applicable, will be voted for, against or withheld from voting, as the case may be, in accordance with the specific instructions made by the Shareholder or Senior Unsecured Noteholder on any ballot that may be called for with respect to the applicable resolutions. **In the absence of any such specific instructions, such Existing Shares and Senior Unsecured Notes will be voted by the designated persons named in the accompanying form of proxy, where applicable:**

1. **FOR** the approval of the Continuance Resolution;

2. **FOR** the approval of the Shareholders' Arrangement Resolution;

3. **FOR** the approval of the Shareholders' TSX Note Exchange Resolution;

4. **FOR** the approval of the Shareholders' TSX 1.5 Lien Notes Resolution;

5. **FOR** the approval of the Shareholders' TSX Omnibus Incentive Plan Resolution;

6. **FOR** the approval of the Shareholders' TSX Shareholder Rights Plan Resolution; and

7. **FOR** the approval of the Senior Unsecured Noteholders' Arrangement Resolution.

The accompanying form of proxy or request for voting instructions provided by your Intermediary, as applicable, confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in each of the Notices of Meetings and with respect to such other business or matters which may properly come before the Meetings or the reconvening of any adjournment(s) or postponement(s) thereof. As of the date of this Circular, the Company is not aware of any such amendments or variations or any other matters to be addressed at any of the Meetings.

A Registered Shareholder may vote in any of the ways set out below:

**On the Internet:** A Registered Shareholder can go to the website at www.investorvote.com and follow the instructions on the screen. The Shareholder's voting instructions are then conveyed electronically over the Internet. The Shareholder will need the 15 digit Control Number found on his, her or its proxy.

**By Telephone:** A Registered Shareholder can call the number located on such Shareholder's proxy. The Shareholder will need the 15 digit Control Number found on his, her or its proxy.

**By Mail:** A Registered Shareholder can complete the proxy as directed and return it in the business reply envelope provided to Computershare Trust Company of Canada, Attention: Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5.

**By Fax:** A Registered Shareholder may submit his, her or its proxy by facsimile by completing, dating and signing the enclosed form of proxy and returning it by facsimile to Computershare Investor Services Inc. at (416) 263-9524 or toll free (within North America) at (866) 249-7775.

**At the Meeting:** If a Registered Shareholder plans to vote in person, such Shareholder does not need to do anything except attend the applicable Meeting. The Shareholder should register with the representatives of Computershare Trust Company of Canada upon arrival at the Meeting. **However, Registered Shareholders who plan to vote in person should review and consider any public health regulations and recommendations in light of the COVID-19 pandemic.**

## REVOCATION OF PROXIES

Subject to the terms of the Support Agreements, Senior Unsecured Noteholders shall be entitled to revoke their proxies at any time prior to the exercise thereof at the Senior Unsecured Noteholder Meeting and a revocation of the vote will be deemed to be made:

(a) if providing instructions to its Intermediary to revoke a vote in favour of the Senior Unsecured Noteholders' Arrangement Resolution made prior to the Early Consent Date such that the applicable Senior Unsecured Noteholder is eligible to be treated as an Early Consenting Noteholder for the purpose of the Plan of Arrangement, upon such Senior Unsecured Noteholder providing new instructions to such Senior Unsecured Noteholder's Intermediary at any time prior to the Early Consent Date, provided such Intermediary has then delivered such new instructions to DTC and/or the Proxy, Information and Exchange Agent, as applicable, prior to the Early Consent Date; and

(b) if providing instructions to its Intermediary to revoke or change a vote in any other circumstances, upon the Senior Unsecured Noteholder providing new instructions to such Senior Unsecured Noteholder's Intermediary which the Intermediary must then deliver to the Proxy, Information and Exchange Agent prior to the Voting Deadline.

For greater certainty, a Senior Unsecured Noteholder who has provided instructions to its Intermediary to vote in favour of the Senior Unsecured Noteholder's Arrangement Resolution prior to the Early Consent Date may not provide instruction to revoke such vote after the Early Consent Date, and no Senior Unsecured Noteholder may revoke or change a vote (or instruct their Intermediaries to do so) after the Voting Deadline.

Subject to the terms of the Support Agreements, any Registered Shareholder shall be entitled to revoke their proxies in accordance with section 148(4) of the ABCA or in any other manner permitted by law.

## NON-REGISTERED HOLDERS

Common Shares and Senior Unsecured Notes beneficially owned by a holder (a "**Non-Registered Holder**") are registered either:

(a) in the name of an Intermediary that the Non-Registered Holder deals with in respect of the Common Shares or Senior Unsecured Notes, as applicable (Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or

(b) in the name of a depository such as DTC or CDS.

In accordance with Canadian Securities Laws and the Interim Order, as applicable, Calfrac has caused to be distributed copies of the Senior Unsecured Noteholders' Meeting Package and the Shareholders' Meeting Package to DTC and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward these packages to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them.

These Securityholder materials are being sent to both registered holders of Senior Unsecured Notes and Common Shares, as well as Non-Registered Holders. If you are a Non-Registered Holder and Calfrac or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

Intermediaries will typically use a service company to forward the Senior Unsecured Noteholders' Meeting Package and the Shareholders' Meeting Package. The majority of Intermediaries now delegate responsibility for obtaining Shareholder instructions from clients to Broadridge. Broadridge typically mails a voting instruction form or voting information and election form in lieu of the form of proxy. Non-Registered Holders are requested to vote in accordance with the instructions set forth in the voting instruction form or voting information and election form, as applicable. Broadridge will provide aggregate Shareholder voting instructions to the Transfer Agent, which will tabulate the results for the Shareholders' Meeting and provide appropriate instructions respecting the voting of Common Shares to be represented at the Shareholders' Meeting or the reconvening of any adjournment(s) or postponement(s) thereof. Intermediaries will provide aggregate voting instructions for applicable Senior Unsecured Noteholders to the Proxy, Information and Exchange Agent, which will tabulate the results for the Senior Unsecured Noteholders' Meeting and provide appropriate instructions respecting the voting of Senior Unsecured Notes to be represented at such Senior Unsecured Noteholder Meeting or the reconvening of any adjournment(s) or postponement(s) thereof. Intermediaries will provide aggregate Senior Unsecured Noteholder voting instructions to the Proxy, Information and Exchange Agent through the submission of master proxies, which will tabulate the results for the Senior Unsecured Noteholders' Meeting and provide appropriate instructions respecting the voting of Senior Unsecured Notes to be represented at the Senior Unsecured Noteholders' Meeting or the reconvening of any adjournment or postponement thereof.

Applicable securities regulatory policy requires Intermediaries, on receipt of materials that seek voting instructions from Non-Registered Holders of Common Shares indirectly, to seek voting instructions from Non-Registered Holders of Common Shares in advance of meetings of Shareholders on Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* ("**Form 54-101F7**"). Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Non-Registered Holders of Common Shares in order to ensure that their Common Shares are voted at the Shareholders' Meeting or the reconvening of or any adjournment(s) or postponement(s) thereof. Often, the form of proxy supplied to a Non-Registered Holder by its broker is identical to the form of proxy provided to Registered Shareholders; however, its purpose is limited to instructing the Registered Shareholder how to vote on behalf of the Non-Registered Holder.

Concurrent with the distribution of the Senior Unsecured Noteholders' Meeting Package, DTC has caused to be delivered to its participant Intermediaries instructions related to aggregation of Senior Unsecured Noteholder VIEFs. Additionally, DTC, in accordance with its customary procedures, established a voluntary corporate action pursuant to ATOP or a similar program, which provides Senior Unsecured Noteholders with the opportunity to elect to receive New Common Shares, subject to the terms of the Plan of Arrangement. An election in ATOP or any similar program will not constitute a vote to be counted by the Proxy, Information and Exchange Agent. In order for a Senior Unsecured Noteholder to be considered an Early Consenting Noteholder under the Plan of Arrangement and/or be eligible to receive the Early Consent Shares, as applicable, a Senior Unsecured Noteholder must: (i) submit an instruction to their Intermediary to vote its Senior Unsecured Notes in favour of the Senior Unsecured Noteholders' Arrangement Resolution, prior to the Early Consent Date; and (ii) not have withdrawn or changed such instructions prior to or on the Early Consent Date. A beneficial Senior Unsecured Noteholder that wishes to be considered an Early Consenting Noteholder under the Plan of Arrangement must provide its voting and election instructions to its Intermediary in accordance with the instructions provided by their Intermediary (or its agent) and must also instruct its Intermediary to make the appropriate early consent election through ATOP or similar program utilized by such Intermediary prior to the Early Consent Date. **SENIOR UNSECURED NOTES IN RESPECT OF WHICH SUCH AN ELECTION HAS BEEN MADE THROUGH ATOP OR SIMILAR PROGRAM WILL NO LONGER BE TRANSFERABLE BY THE SENIOR UNSECURED NOTEHOLDER MAKING SUCH AN ELECTION UNLESS THE ELECTION IS WITHDRAWN.** Withdrawals will only be accepted prior to the Early Consent Date.

Non-Registered Holders who wish to vote at the applicable Meeting (an "**In-Person Holder**") should be appointed as their own representatives for such Meeting in accordance with the directions of their Intermediaries and, in the case of non-registered holders of Common Shares, Form 54-101F7.

By choosing to vote at a Meeting or appointing a proxyholder to attend in its place, an In-Person Holder's votes will not be tabulated until the applicable Meeting. Accordingly, such In-Person Holder's votes will not have been properly delivered prior to the Early Consent Date and such In-Person Holder will **NOT** be considered an Early Consenting Noteholder under the Plan of Arrangement and/or be eligible to receive Early Consent Shares, as applicable. If, your intention is to support the Senior Unsecured Noteholders' Arrangement Resolution and be considered an Early Consenting Noteholder and/or qualify for receipt of Early Consent Shares, please provide your voting instructions well ahead of the Early Consent Date.

Beneficial Senior Unsecured Noteholders who wish to appoint themselves or another person to attend the Senior Unsecured Noteholders' Meeting on their behalf should follow the instructions included in the request for voting instructions provided by their Intermediary to ensure receipt by Kingsdale Advisors, the Proxy, Information and Exchange Agent, prior to the applicable deadline. A Senior Unsecured Noteholders wishing to attend the meeting or appoint a proxy should contact the Proxy, Information and Exchange Agent immediately to obtain the relevant form for appointment, which must be medallion stamped by the applicable Intermediary and returned to the Proxy, Information and Exchange Agent ahead of the Voting Deadline. Senior Unsecured Noteholders and Shareholders who require assistance should contact the Proxy, Information and Exchange Agent toll-free in North America at 1-877-659-1822 or collect call outside North America at 1-416-867-2272, or by e-mail at contactus@kingsdaleadvisors.com to request the necessary documentation required.

Beneficial Shareholders can write the name of someone else whom they wish to vote on their behalf at the Shareholders' Meeting. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have authority to vote on all matters that are presented at the Shareholders' Meeting, even if those matters are not set out in Form 54-101F7 or this Circular.

## QUORUM AND VOTING REQUIREMENTS

### Senior Unsecured Noteholders' Meeting

Subject to any further order of the Court, pursuant to the Interim Order, each Senior Unsecured Noteholder entitled to vote at the Senior Unsecured Noteholders' Meeting will be entitled to one vote for each US$1,000 principal amount of Senior Unsecured Notes held by such Senior Unsecured Noteholder as of the Record Date in respect of the Senior Unsecured Noteholders' Arrangement Resolution and any other matters to be considered at the Senior Unsecured Noteholders' Meeting.

Pursuant to the Interim Order, quorum at each of the Senior Unsecured Noteholders' Meeting shall be satisfied if two or more persons entitled to vote at such Meeting are present, in person or represented by proxy, at the outset of such Meeting. The Senior Unsecured Noteholders' Arrangement Resolution must be passed by an affirmative vote of at least $66^{2/3}$% of the votes cast by Senior Unsecured Noteholders present in person or represented by proxy that are entitled to vote on the Senior Unsecured Noteholders' Arrangement Resolution.

As at the date hereof, Calfrac has entered into the Support Agreements with certain Senior Unsecured Noteholders holding approximately 78% of the Senior Unsecured Notes. Pursuant to such Support Agreements, such supporting Senior Unsecured Noteholders party thereto have agreed, among other things and subject to the terms of the applicable Support Agreement, to vote in favour of and support the Recapitalization Transaction and the Arrangement.

See "*Noteholder Support Agreement*" for further details.

### Shareholders' Meeting

Pursuant to the Interim Order, quorum at each of the Shareholders' Meeting shall be satisfied if two or more persons entitled to vote at such Meeting are present, in person or represented by proxy, at the outset of such Meeting.

Subject to further Order of the Court, in order for the Plan of Arrangement to be considered to have been approved at the Shareholders' Meeting, the Shareholders' Arrangement Resolution must be passed, with or without variation, at the Shareholders' Meeting by an affirmative vote of: (A) at least $66^{2/3}$% of the votes cast in respect of the Shareholders'

Arrangement Resolution at the Shareholders' Meeting in person or represented by proxy by the Shareholders; and (B) for the purposes of the approval of the issuance of New 1.5 Lien Notes and to the extent such issuance constitutes a "related party transaction" for the purposes of MI 61-101, a simple majority of the votes cast in respect of the Shareholders' Arrangement Resolution at the Shareholders' Meeting in person or represented by proxy by the Shareholders excluding the votes required to be excluded for majority of the minority approval at the Shareholders' Meeting for the purpose of MI 61-101 and to the extent required pursuant to MI 61-101. For such purposes, Common Shares held by Ronald P. Mathison and MATCO (and its affiliates) will be excluded from voting. To the knowledge of the Company, Ronald P. Mathison and MATCO (and its affiliates) collectively hold 28,834,321 Common Shares representing approximately 19.80% of the outstanding Common Shares.

The vote required to pass the Continuance Resolution is at least 66⅔% of the votes cast by the Shareholders present in person or represented by proxy at the Shareholders' Meeting.

In accordance with the policies of the TSX, disinterested Shareholders of the Company must approve the following aspects of the Recapitalization Transaction and the issuance of the New 1.5 Lien Notes:

(a) The issuance of New Common Shares pursuant to the Senior Unsecured Note Exchange, where the number of New Common Shares issuable to Insiders of the Company as a group exceeds 10% of the then issued and outstanding Common Shares (pursuant to section 604(a)(ii) of the TSX Company Manual), to be approved by disinterested Shareholders by way of the Shareholders' TSX Note Exchange Resolution. For purposes of the Shareholders' TSX Note Exchange Resolution, Common Shares held by Insiders (including AIMCo and Wilks Brothers) participating in the Senior Unsecured Note Exchange will be excluded from voting. To the knowledge of the Company, AIMCo holds 24,080,121 Common Shares or approximately 16.54% of the outstanding Common Shares, and Wilks Brothers holds 28,720,172 Common Shares or approximately 19.72% of the outstanding Common Shares.

(b) The issuance of Common Shares upon the conversion of the New 1.5 Lien Notes: (i) would "materially affect control" of the Company (as G2S2 and its affiliates would own in excess of 30% of the outstanding Common Shares and would be entitled to receive additional Common Shares upon the conversion of its New 1.5 Lien Notes); (ii) where the number of Common Shares issuable to Insiders of the Company as a group, upon conversion, exceeds 10% of the then issued and outstanding Common Shares; and (iii) at a conversion price that exceeds the maximum discount permitted by the TSX and which could result in dilution of in excess of 25% of the then issued and outstanding Common Shares (pursuant to sections 604(a)(i), 604(a)(ii), 607(e) and 607(g)(i) of the TSX Company Manual) to be approved by disinterested Shareholders by way of the Shareholders' TSX 1.5 Lien Notes Resolution. The Conversion Price of $1.3325 (being $0.02665 on a pre-Share Consolidation Basis) of the New 1.5 Lien Notes represents a discount of 83.9% to the $0.165522 Market Price per Common Share as of July 14, 2020, which exceeds the maximum discount permitted by the TSX, and the total number of New Common Shares to be issued upon conversion of all New 1.5 Lien Notes would exceed 25% of the then issued and outstanding New Common Shares on a post Share Consolidation basis. For purposes of the Shareholders' TSX 1.5 Lien Notes Resolution, Common Shares held by interested Shareholders (including MATCO) will be excluded from voting. For such purposes, Common Shares held by Ronald P. Mathison and MATCO (and its affiliates) will be excluded from voting. To the knowledge of the Company, Ronald P. Mathison and MATCO (and its affiliates) collectively hold 28,834,321 Common Shares representing approximately 19.80% of the outstanding Common Shares.

The vote required to pass each of the Shareholders' TSX Note Exchange Resolution and the Shareholders' TSX 1.5 Lien Notes Resolution is a majority of the votes cast by the applicable disinterested Shareholders present in person or represented by proxy at the Shareholders' Meeting.

The Shareholders must approve, as separate matters, the Shareholders' TSX Omnibus Incentive Plan Resolution in respect of the adoption of the Omnibus Incentive Plan, and the Shareholders' TSX Shareholder Rights Plan Resolution in respect of the implementation of the Shareholder Rights Plan. In each regard, no Shareholders are excluded from

voting on the Shareholders' TSX Omnibus Incentive Plan Resolution or the Shareholders' TSX Shareholder Rights Plan Resolution. The adoption of the Shareholder Rights Plan is subject to acceptance by the TSX.

As at the date hereof, Calfrac has entered into the Support Agreements with certain Shareholders holding approximately 23% of the Common Shares. Pursuant to such Support Agreements, the Supporting Shareholders party thereto have agreed, among other things and subject to the terms of the applicable Support Agreement, to vote in favour of the Arrangement and the Shareholders' TSX Resolutions.

See "*Shareholder Support Agreement*" for further details.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at August 17, 2020, the Company's issued and outstanding voting shares consisted of 145,616,827 Common Shares. Shareholders are entitled to one vote for each Common Share held on all matters to be considered and acted upon at the Shareholders' Meeting or any adjournments or postponements thereof.

The Record Date is August 10, 2020. The Transfer Agent will prepare a list of Registered Shareholders of record at such time. Registered Shareholders on that list will be entitled to vote their Common Shares at the Shareholders' Meeting.

As of the date of this Circular and to the best of the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over voting securities carrying ten percent or more of the voting rights attached to the voting securities of the Company other than as indicated in the table below.

| Name of Shareholder | Number and Percentage of Common Shares[(1)] |
|---|---|
| Ronald P. Mathison[(2)]<br>Calgary, Alberta | 28,834,321 (19.80%)[(3)] |
| Wilks Brothers[(4)]<br>Cisco, Texas, USA | 28,720,172 (19.72%) |
| Alberta Investment Management Corporation<br>Edmonton, Alberta | 24,080,121 (16.54%) |

**Notes:**

(1) Calculated based on the number of issued and outstanding shares of the Company on August 17, 2020.

(2) Mr. Mathison is one of the Company's founders and has served as a member of the board of directors and as Chairman of the Company since its formation in 1999, and as its Executive Chairman since June 10, 2019.

(3) Includes 21,802,143 Common Shares held by MATCO Investments Ltd. and 3,258,878 Common Shares held by 1097594 Alberta Ltd., both entities controlled by Mr. Mathison.

(4) Based on publicly available information whereby pursuant to a press release dated August 10, 2020, Wilks Brothers reported that they held 28,720,172 Common Shares.

It is anticipated that after giving effect to the Recapitalization Transaction there will be one Shareholder who will beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying 10% or more of the voting rights attached to the voting securities of the Company.

See "*Calfrac After the Recapitalization Transaction – Principal Shareholders*" for a list of those Persons who will beneficially own, directly or indirectly, or exercise control or voting direction over voting securities carrying 10% or more of the voting rights attached to the voting securities of the Company.

## INTEREST OF MANAGEMENT AND OTHERS

Other than otherwise described herein, including in "*Voting Shares and Principal Holders Thereof*", there were no material interests, direct or indirect, of our directors or executive officers, or any person who beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the voting rights attached to all our outstanding voting rights, or any other Informed Person (as defined in National Instrument 51-102 *Continuous Disclosure Obligations*) or any known associate or affiliate of such persons, in any transaction within the last financial year, or in any proposed transaction or in connection with the Recapitalization Transaction, which in either case has materially affected or would materially affect the Company or any of its subsidiaries.

## SPECIAL BUSINESS OF THE SHAREHOLDERS' MEETING

Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, the Continuance Resolution, the Shareholders' Arrangement Resolution, the Shareholders' TSX Senior Unsecured Note Exchange Resolution, the Shareholders' TSX New 1.5 Lien Notes Resolution, the Shareholders' TSX Omnibus Incentive Plan Resolution and the Shareholders' TSX Shareholder Rights Plan Resolution.

**Calfrac reserves the right, in its sole discretion, to withdraw the Continuance Resolution, the Shareholders' Arrangement Resolution, the Shareholders' TSX Senior Unsecured Note Exchange Resolution, the Shareholders' TSX New 1.5 Lien Notes Resolution, the Shareholders' TSX Omnibus Incentive Plan Resolution and/or the Shareholders' TSX Shareholder Rights Plan Resolution from being put before the Shareholders' Meeting. Nothing in the Preliminary Interim Order or the Interim Order restricts Calfrac from seeking approval by the Court of the Final Order in the event that Shareholders' Arrangement Resolution is not approved by the Shareholders at the Shareholders' Meeting. Neither the Preliminary Interim Order nor the Interim Order provide for any dissent rights with respect to the Shareholders' Arrangement Resolution.**

## DESCRIPTION OF THE RECAPITALIZATION TRANSACTION

### Continuance of Calfrac from Alberta to Canada

Subject to Shareholder approval, prior to the completion of the Arrangement, Calfrac will continue from the jurisdiction of Alberta into the jurisdiction of Canada and be registered as a CBCA company. The Board believes that it is in the best interests of Calfrac to continue under the CBCA to effect the Arrangement pursuant to the CBCA.

At the Shareholders' Meeting, Shareholders will be asked to consider and, if deemed advisable, approve the Continuance Resolution authorizing the Continuance, the full text of which is set out in Appendix "B". In order to become effective, the Continuance must be approved by at least $66^{2/3}$% of all votes cast with respect to the Continuance Resolution by Shareholders, present in person or represented by proxy at the Shareholders' Meeting.

The ABCA and the CBCA permit Calfrac to continue under the CBCA with the authority of a special resolution, the consent of the Registrar of Corporations, Alberta and upon complying with certain procedures and filing certain forms. A Registered Shareholder has the right to dissent to the Continuance Resolution. See "*Continuance Right of Dissent*" below. Upon the completion of the Continuance, Calfrac will be treated as if it has been incorporated under the CBCA.

If the Shareholders approve the Continuance, the Articles of Continuance will be filed with the Director subsequent to the Shareholders' Meeting and prior to the filing of the Articles of Arrangement.

The Board may determine not to proceed with the Continuance at any time before or after the holding of the Shareholders' Meeting but prior to the issuance of a Certificate of Continuance, without further action on the part of Shareholders.

Continuance under the CBCA will not affect the application to Calfrac of the securities laws, regulations, rules and policies that presently apply. There will, however, be some changes to the rights of Shareholders under corporate law. These are summarized in Appendix "E" to this Circular.

***Articles of Continuance and New By-Laws***

The proposed articles of continuance (the "**Articles of Continuance**") to be filed under the CBCA to effect a continuance out of the jurisdiction of Alberta and into the jurisdiction of Canada are attached as Appendix "C" to this Circular.

As a result of the Continuance it will be necessary for Calfrac to adopt by-laws to govern the administration of the Company. Subject to the completion of the Continuance, the Board intends to adopt the By-Laws, consisting of By-Law No.1, By-Law No. 2 and By-Law No. 3. Copies of each of the By-Laws are attached as Appendix "D" to this Circular.

As of the Effective Date, Calfrac's legal domicile will be Canada, and Calfrac will no longer be subject to the provisions of the ABCA.

By operation of law under the CBCA, as of the Effective Date, all of the assets, property, rights, liabilities and obligations of Calfrac immediately prior to the Continuance will continue to be the assets, property, rights, liabilities and obligations of Calfrac after the Continuance.

***Continuance Right of Dissent***

The following description of the dissent right procedures are not a comprehensive statement of the procedures to be followed by a Continuance Dissenting Shareholder and are qualified in their entirely by reference to the ABCA.

The Board may, in its sole discretion, determine not to proceed with the Continuance at any time before or after the holding of the Shareholders' Meeting but prior to the issuance of a Certificate of Continuance, without further action on the part of Shareholders. If the Continuance is not approved, or the Board determines not to proceed with the Continuance for any reason (including the exercise of dissent rights by Shareholders), the Arrangement will not be completed.

In general, any Registered Shareholder who exercises the Continuance Dissent Right with respect to the Continuance Resolution in compliance with section 191 of the ABCA will be entitled, in the event that the Continuance becomes effective, to be paid by Calfrac the fair value of the Common Shares held by the Continuance Dissenting Shareholder determined as of the close of business on the last Business Day before the day on which the Continuance Resolution is approved by the Shareholders.

A Continuance Dissenting Shareholder will, on the Effective Date, be deemed to have transferred the Continuance Dissenting Shareholder's Common Shares to Calfrac for cancellation and will cease to have any rights as a holder of Common Shares except for the entitlement to be paid fair value for such Common Shares in accordance with the continuance dissent procedures. In no event will Calfrac or any other Person be required to recognize a Continuance Dissenting Shareholder as a Shareholder of Calfrac after the deemed transfer of the Common Shares of that holder. In addition, in accordance with the restriction set out in section 191 of the ABCA, no Shareholder who has voted in favour of the Continuance Resolution will be entitled to exercise the Continuance Dissent Right with respect to the Continuance.

A Registered Shareholder wishing to exercise the Continuance Dissent Right who, for any reason, does not properly fulfil each of the continuance dissent procedures, acts inconsistently with such dissent or who for any other reason is not entitled to be paid the fair value of the holder's Common Shares will be treated as if the Shareholder had participated in the Continuance on the same basis as a non-dissenting Shareholder.

The filing of a notice of dissent deprives a Continuance Dissenting Shareholder of the right to vote at the Shareholders' Meeting, except if such Continuance Dissenting Shareholder ceases to be a Continuance Dissenting Shareholder. For greater certainty, a Registered Shareholder who wishes to exercise the Continuance Dissent Right with respect to the Continuance may not vote in favour of the Continuance.

If a Registered Shareholder wishes to dissent, such dissenting shareholder must send to the Company a written objection to the Continuance Resolution at or before any meeting of shareholders at which the resolution is to be voted on. For greater certainty, a vote against the Continuance Resolution or an abstention shall not constitute written objection. A Continuance Dissenting Shareholder must dissent with respect to all Common Shares in which the holder holds a beneficial interest. The written notice should set out the number of Common Shares in respect of which the notice of dissent is being sent and:

(a) if such number of Common Shares constitutes all of the Common Shares of which the Continuance Dissenting Shareholder is the registered and beneficial owner, a statement to that effect;

(b) if such number of Common Shares constitutes all of the Common Shares of which the Continuance Dissenting Shareholder is the registered and beneficial owner but if the Continuance Dissenting Shareholder owns additional Common Shares beneficially, a statement to that effect and the names of the Registered Shareholders who hold such additional Common Shares the number of Common Shares held by the Registered Shareholders and a statement that written notices of dissent have or will be sent with respect to such Common Shares; or

(c) if the Continuance Dissent Right is being exercised by a Registered Shareholder who is not the beneficial owner of the Common Shares, a statement to that effect and the name of the beneficial owner of such Common Shares and a statement that the Registered Shareholder is exercising the Continuance Dissent Right with respect to all Common Shares of the beneficial owner registered in such Registered Shareholder's name.

Calfrac is required promptly after the later of: (a) the date on which Calfrac forms the intention to proceed with the Continuance; and (b) the date on which the written notice of dissent was received, to notify each Continuance Dissenting Shareholder of its intention to proceed with the Continuance. Calfrac expects that it will be in a position to deliver such notification on or before the Effective Date. Then, on the effective date of the Continuance, each Continuance Dissenting Shareholder is deemed to have transferred their Common Shares to Calfrac for cancellation and ceases to have any rights as a Shareholder except the right to be paid fair value for those Common Shares.

The fair value of a Continuance Dissenting Shareholder's Common Shares will be determined as follows:

(a) if Calfrac and the Continuance Dissenting Shareholder agree on the fair value of the Common Shares, then Calfrac must promptly pay that amount to the Continuance Dissenting Shareholder or promptly send notice to the Continuance Dissenting Shareholder that Calfrac is lawfully unable to pay the Continuance Dissenting Shareholder for its Common Shares; or

(b) if the Continuance Dissenting Shareholder and Calfrac are unable to agree on a fair value, the Continuance Dissenting Shareholder may apply to the Court to determine the fair value of the Common Shares, and Calfrac must pay to the Continuance Dissenting Shareholder the fair value determined by the Court or promptly send notice to the Continuance Dissenting Shareholder that Calfrac is lawfully unable to pay the Continuance Dissenting Shareholder for its Common Shares.

Calfrac will be lawfully unable to pay the Continuance Dissenting Shareholder the fair value of its Common Shares if Calfrac is insolvent or would be rendered insolvent by making the payment to the Continuance Dissenting Shareholder. In such event, a Continuance Dissenting Shareholder will retain its status as a claimant and be paid as soon as Calfrac is lawfully able to do so, or in a liquidation, be ranked subordinate to its creditors but in priority to the non-dissenting Shareholders.

If the Continuance is not implemented for any reason, Continuance Dissenting Shareholders will not be entitled to be paid the fair value for their Common Shares, and their Common Shares will not be deemed to be transferred to Calfrac.

The discussion above is only a summary of the continuance dissent procedures which are technical procedures and complex. A Registered Shareholder who intends to exercise the Continuance Dissent Right should carefully consider and comply with the provisions of section 191 of the ABCA as modified by the Interim Order. Persons who are

beneficial owners of Common Shares registered in the name of an Intermediary such as broker, custodian, nominee, other Intermediary, or in some other name, who wish to exercise the Continuance Dissent right should be aware that only the Registered Shareholder is entitled to exercise the Continuance Dissent Right. It is suggested that any Shareholder wishing to avail himself or herself of the Continuance Dissent Right seek his or her own legal advice as failure to comply strictly with the applicable provisions of the ABCA may prejudice its Continuance Dissent Right. Continuance Dissenting Shareholders should note that the exercise of the Continuance Dissent Right can be a complex, time-consuming, and expensive process.

**Plan of Arrangement**

The Recapitalization Transaction includes the following elements pursuant to the Plan of Arrangement: (a) the Share Consolidation; (b) the Senior Unsecured Note Exchange (including issuance of the Early Consent Shares); (c) the issuance of the New 1.5 Lien Notes pursuant to the Pro Rata Offering and the Direct Commitment Private Placement; (d) the amendment of the articles of ArrangeCo; (e) the issuance of the Commitment Consideration Shares to ArrangeCo, as agent for the Commitment Parties; (f) the termination of the Stock Option Plan and all of the underlying Options for no consideration; (g) the vesting and payment of all Equity-Based PSUs (in accordance with the terms of the PSU Plan), along with the termination of the PSU Plan and all underlying PSUs; (h) the transfer of all assets of ArrangeCo; (i) the approval of the Omnibus Incentive Plan; and (j) the reduction of the stated capital account for the Common Shares of Calfrac by an amount to be determined by the Company prior to the Effective Date.

***Share Consolidation***

The Plan of Arrangement provides for the Share Consolidation of the issued and outstanding Common Shares on the basis of the Consolidation Ratio. Based on 145,616,827 Common Shares issued and outstanding on August 17, 2020, the Share Consolidation will reduce the number of issued and outstanding Common Shares to approximately 2,912,336 post-Share Consolidation Common Shares (prior to the completion of the Senior Unsecured Note Exchange and issuance of the Commitment Consideration Shares).

No fractional Common Shares will be issued in connection with the Share Consolidation. Any fractional interests in the consolidated Common Shares will, without any further act or formality, be cancelled without payment of any consideration therefor. Any holders of 49 or fewer Common Shares prior to the date of the Share Consolidation will not receive any post-Share Consolidation Common Shares.

The Share Consolidation will cause no change in the stated capital attributable to the Common Shares and the stated capital of the Common Shares shall be equal to the stated capital of the Common Shares immediately prior to the Share Consolidation.

No assurances can be given as to the effect of the Share Consolidation on the market price of the Common Shares. Specifically, no assurance can be given that if the Recapitalization Transaction is effected, the market price of the Common Shares will increase by the same multiple as the Consolidation Ratio or result in a permanent increase in the market price, which possible results are dependent on various factors, many of which are beyond the control of Calfrac.

Registered Shareholders will be required to complete, execute and return a Letter of Transmittal to the Depositary to receive their post-Share Consolidation Common Shares. The Letter of Transmittal must be accompanied by the certificate representing your Common Shares and all other required documents. Following the Effective Date, the Depositary will issue and deliver post-Share Consolidation Common Shares in accordance with your instructions in the Letter of Transmittal. A copy of the Letter of Transmittal is enclosed with a copy of the Circular or may be obtained upon request from the Depositary. See "*Procedures – Registered Shareholders*".

Non-registered Shareholders do not have to take any action to receive their post-Share Consolidation Common Shares.

***Treatment of Senior Unsecured Noteholders***

Pursuant to the Plan of Arrangement, the Senior Unsecured Notes of Calfrac LP, in the aggregate principal amount of approximately US$431.8 million, plus all accrued and unpaid interest, will be exchanged for New Common Shares

comprised of the aggregate of the Senior Unsecured Noteholder New Common Share Pool and the Early Consenting Noteholder New Common Share Pool, in full and final settlement of all such Senior Unsecured Notes. Pursuant to the Senior Unsecured Note Exchange, in exchange for the Senior Unsecured Notes issued by Calfrac LP, and in full and final settlement of the Senior Unsecured Noteholder Claims, Calfrac (for the benefit and on behalf of Calfrac LP) shall issue to each Senior Unsecured Noteholder: (a) its Senior Unsecured Noteholder Pro Rata Share of the Senior Unsecured Noteholder New Common Share Pool; and (b) if such Senior Unsecured Noteholder is an Early Consenting Noteholder, its Early Consenting Noteholder Pro Rata Share of the Early Consenting Noteholder New Common Share Pool.

As of July 14, 2020 (the date the Recapitalization Transaction was publicly announced), the aggregate principal amount under the outstanding Senior Unsecured Notes was equal to US$431.8 million, or $587.9 million converted into Canadian Dollars at the U.S. Dollar/Canadian Dollar exchange rate posted by the Bank of Canada as at July 14, 2020. The 33,491,870 post-Share Consolidation Common Shares to be issued to Senior Unsecured Noteholders pursuant to the Senior Unsecured Note Exchange results in a deemed conversion price of $17.56 per post-Share Consolidation Common Share, which represents a 112% premium to the $8.28 Market Price per Common Share as of July 14, 2020 (calculated on a post-Share Consolidation basis).

The number of New Common Shares comprising: (a) the Senior Unsecured Noteholder New Common Share Pool to be issued to Senior Unsecured Noteholders; and (b) the Early Consenting Noteholder New Common Share Pool to be issued to Early Consenting Noteholders shall be equal to 86% and 6%, respectively, of the aggregate amount of Common Shares which are issued and outstanding immediately following the implementation of the Senior Unsecured Note Exchange. If the number of post-Share Consolidation Common Shares issued and outstanding immediately following the implementation of the Senior Unsecured Note Exchange is not 2,912,336, then the Senior Unsecured Noteholder New Common Share Pool and the Early Consenting Noteholder New Common Share Pool shall be adjusted to ensure that the number of Common Shares issued to Senior Unsecured Noteholders and to Early Consenting Noteholders shall be equal to 86% and 6%, respectively, of the aggregate amount of Common Shares which are issued and outstanding immediately following the implementation of the Senior Unsecured Note Exchange.

Concurrently with the Senior Unsecured Note Exchange, Calfrac shall add an amount (the "**Stated Capital Amount**") to the stated capital account maintained in respect of the New Common Shares equal to the lesser of: (a) the fair market value on the Effective Date of the New Common Shares issued to Senior Unsecured Noteholders pursuant to the Senior Unsecured Note Exchange, and (b) the aggregate principal amount and accrued interest of the Senior Unsecured Notes as at the Effective Date, and the price for which the Senior Unsecured Notes are extinguished shall be equal to the amount added to the stated capital account in respect of the issuance of the New Common Shares.

In order to be eligible to receive its Early Consenting Noteholder Pro Rata Share of the Early Consenting Noteholder New Common Share Pool, Senior Unsecured Noteholders must:

(a) submit to their Intermediaries on or prior to the Early Consent Date, or such earlier deadline as the Intermediaries may advise the applicable beneficial Senior Unsecured Noteholder, their duly completed Senior Unsecured Noteholder VIEF (or such other documentation or information as the Intermediary may customarily request from a beneficial Senior Unsecured Noteholders for purposes of properly obtaining its voting and election instructions), to permit their respective Intermediaries to duly complete and submit in a timely manner the beneficial Senior Unsecured Noteholder's voting and election instructions to DTC through ATOP or any similar program, by the Early Consent Date, and such Senior Unsecured Noteholder VIEFs must all instruct a vote in favour of the Senior Unsecured Noteholders' Arrangement Resolution; and

(b) not have withdrawn or changed such election and such vote in favour of the Senior Unsecured Noteholders' Arrangement Resolution prior to the Effective Date,

and in each case must continue to hold their Senior Unsecured Notes on the Effective Date.

The Eligible Noteholders shall also be given opportunity to participate in the Pro Rata Offering as described below under "*Offering of New 1.5 Lien Notes – Pro Rata Offering*".

***Treatment of Shareholders***

Pursuant to the Plan of Arrangement, each Shareholder shall retain its Existing Shares, subject to the Share Consolidation and the treatment of fractional interests in connection therewith, such that the post-Share Consolidation Common Shares owned by such Shareholders shall, in the aggregate, equal to approximately 8% of the aggregate post-Share Consolidation Common Shares issued and outstanding following the completion of the Recapitalization Transaction but, for greater certainty, before further dilution as a result of the issuance of the Commitment Consideration Shares.

Immediately following the Effective Time, the Senior Unsecured Noteholders and the other Commitment Parties will collectively hold approximately 92.2% of the Common Shares on a non-diluted basis or approximately 96.5% of the Common Shares on a diluted basis.

The Conversion Price of $1.3325 (being $0.02665 on a pre-Share Consolidation Basis) of the New 1.5 Lien Notes, and which is also used to calculate the number of Commitment Consideration Shares issuable pursuant to the Plan of Arrangement, represents a 83.9% discount to the $8.28 Market Price per Common Share as of July 14, 2020 (calculated on a post-Share Consolidation basis), being the date the Recapitalization Transaction was publicly announced.

***Treatment of Other Equity Holders***

Each Equity-Based PSU outstanding immediately prior to the Effective Time (whether vested or unvested) shall, in accordance with the terms of the PSU Plan, and without any further action by or on behalf of a holder of Equity-Based PSUs, be deemed to be vested and each holder of such Equity-Based PSU shall receive, for each Equity-Based PSU, a cash payment equal to the 5-day volume weighted average trading price of the Common Shares on the Toronto Stock Exchange immediately prior to the Effective Date (less any applicable withholding tax or other source deductions), provided that the aggregate payments to holders of Equity-Based PSUs shall not exceed $175,000. Subsequently, the Stock Option Plan, including the underlying Options, and the PSU Plan, including underlying performance share units and Equity-Based PSUs issued in connection therewith, will be terminated and cancelled for no consideration.

All Existing Equity, if applicable, other than the Existing Shares, the Options and the PSUs (which shall be affected by the Plan of Arrangement) and the DSUs (which shall be unaffected by the Plan of Arrangement), shall be terminated and cancelled at the Effective Time for no consideration.

See "*Issuances and Distributions*" and "*Arrangement Steps*" for more information.

***Treatment of First Lien Lenders and Second Lien Noteholders***

The proposed Plan of Arrangement shall not, and shall not be deemed to, affect the First Lien Lenders, the First Lien Agent, the Second Lien Noteholders or the Second Lien Notes Trustee or any of Calfrac's obligations under or in respect of the First Lien Credit Agreement or the Second Lien Note Indenture, provided, however, that concurrently with the Effective Time and subject to the approval of the First Lien Lenders and the Court, the Company will seek to amend the First Lien Credit Agreement pursuant to the First Lien Credit Agreement Amendment.

See "*First Lien Credit Agreement Amendment*" for additional details.

***Offering of New 1.5 Lien Notes***

As part of the Plan of Arrangement, Calfrac will complete the New 1.5 Lien Note Offering, consisting of the Direct Commitment Private Placement and the Pro Rata Offering (each as further described below). The New 1.5 Lien Notes will be issued pursuant to the New 1.5 Lien Note Indenture and bear interest at an annual rate of 10%, payable in cash semi-annually on March 15 and September 15 of each year (each, an "**Interest Payment Date**"). On each Interest Payment Date, the Company may elect to defer and pay in kind any interest accrued as of such Interest Payment Date by increasing the unpaid principal amount of the New 1.5 Lien Notes as at such date (each, a "**PIK Interest Payment**"), which PIK Interest Payment shall be allocated pro rata to all holders of New 1.5 Lien Notes. Following

each such increase in the principal amount of the New 1.5 Lien Notes as a result of any PIK Interest Payment, the New 1.5 Lien Notes will bear interest on such increased principal amount from and after the date of each such PIK Interest Payment. Upon repayment of the New 1.5 Lien Notes, any interest which has accrued thereon but has not been capitalized as set forth above shall be paid in cash. Upon and following the occurrence of an event of default that is continuing, the New 1.5 Lien Notes shall bear interest at a rate equal to 2% above the applicable rate, in each case until all obligations under the New 1.5 Lien Notes have been indefeasibly paid in full.

The New 1.5 Lien Notes will be secured on: (a) a senior basis to all of the Company's future obligations, unsecured obligations and the obligations of the Company in respect of the Second Lien Notes; and (b) a junior basis to the Company's obligations under the First Lien Credit Agreement. The New 1.5 Lien Notes are convertible into Common Shares representing 54.5% of the total post-Share Consolidation Common Shares outstanding, calculated as of the Effective Date after the issuance of New Common Shares pursuant to the Plan of Arrangement. The New 1.5 Lien Notes are convertible at any time prior to the Maturity Date at the option of any holder of the New 1.5 Lien Notes, and are convertible at the Conversion Price, being a ratio of approximately 750 post-Share Consolidation Common Shares per $1,000 principal amount of New 1.5 Lien Notes. The Conversion Price shall be subject to standard anti-dilution adjustments upon, among other things, share consolidations, share splits, spin-off events, rights issues, reorganizations and for certain dividends or distributions to holders of Common Shares. Additional details regarding terms and conditions of the New 1.5 Lien Notes are set forth in Appendix "I".

A copy of the New 1.5 Lien Note Indenture in substantially final form will be made available for review on Calfrac's website at www.calfrac.com and under the Company's SEDAR profile at www.sedar.com. Calfrac will issue a press release once the document has been posted for viewing.

The New 1.5 Lien Notes will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act.

See "*Description of Transaction – U.S. Eligible Purchasers and Transfer Restrictions*".

*Direct Commitment Private Placement*

In accordance with the Direct Commitment Private Placement, the Commitment Parties have agreed to fund the Initial Commitment Amount. In addition, the Commitment Parties have also agreed to provide their respective Shortfall Commitment in respect of any Shortfall Amount following the Pro Rata Offering. In exchange, Calfrac shall issue to the Commitment Parties their respective pro rata share (based on its respective Shortfall Commitment as compared to the Shortfall Commitment of all Commitment Parties) of the Commitment Consideration Shares, which shall consist of such number of post-Share Consolidation Common Shares equal to $1,500,000 divided by the Conversion Price in effect at the Effective Time, and issuable upon the completion of the Pro Rata Offering.

For additional details, see "*Commitment Letter*", "*Procedures – Elections and Pro Rata Offering*" and "*Procedures – Issuances and Distributions*".

*Pro Rata Offering*

The Pro Rata Offering is open to all Eligible Noteholders, and each Eligible Noteholder will have the right, but not the obligation, to participate in the Pro Rata Offering by subscribing for and purchasing up to its Electing Noteholder Pro Rata Share of the New 1.5 Lien Notes comprising the Pro Rata Offering Amount. For each US$1,000,000 of face value of the Senior Unsecured Notes held by an Eligible Noteholder, such Eligible Noteholder will be entitled to subscribe for $34,736 of New 1.5 Lien Notes, rounded down to the nearest multiple of $1,000. For certainty, the minimum principal amount of New 1.5 Lien Notes issuable to an Electing Noteholder is $1,000.

Each Eligible Noteholder that desires to participate in the Pro Rata Offering are required to provide instructions to their Intermediary as described in the Participation Form accompanying this Circular (or other acceptable form of instruction as required by their Intermediary) prior to their Intermediary's own internal deadlines, which will be before

the Participation Deadline, in addition to the procedures outlined under "*Procedures – Elections and Pro Rata Offering*".

If an Intermediary, on behalf of an Electing Noteholder, fails to deliver all or any portion of the funds required to purchase the applicable New 1.5 Lien Notes prior to the Funding Deadline, the Commitment Parties have agreed to purchase those New 1.5 Lien Notes not validly subscribed for on the relevant deadline, pursuant to the Pro Rata Offering.

Additional information regarding the requirements and procedures for participating in the Pro Rata Offering is included in the Participation Form. See "*Procedures – Issuances and Distributions*.

The New 1.5 Lien Notes are subject to restrictions on transfer, resale and conversion. See "*U.S. Eligible Purchasers and Transfer Restrictions*" below.

For further information regarding the Pro Rata Offering or assistance in completing the Participation Form, please contact Kingsdale Advisors by: (a) telephone, toll-free in North America at 1-877-659-1822 or collect call outside North America at 1-416-867-2272 ; or (b) e-mail to contactus@kingsdaleadvisors.com.

***Omnibus Incentive Plan***

At the Shareholders' Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, the Shareholders' TSX Omnibus Incentive Plan Resolution approving the adoption of the Omnibus Incentive Plan for Calfrac to be implemented concurrently with the completion of the transactions contemplated in the Plan of Arrangement. The Omnibus Incentive Plan will permit the granting of various types of equity awards, including stock options, share appreciation rights, restricted shares, restricted share units, deferred share units and other share-based awards as determined by the Board of Directors of Calfrac (or the applicable compensation committee) following the Effective Date. The aggregate number of Common Shares that may be issued pursuant to the Omnibus Incentive Plan shall not exceed 10% of the aggregate number of issued and outstanding Common Shares from time to time. Awards issuable under the Omnibus Incentive Plan shall be determined by the Board (or the applicable compensation committee) following the Effective Date. See "*Omnibus Incentive Plan*" for additional details.

***Shareholder Rights Plan***

At the Shareholders' Meeting, Shareholders will be asked to consider and, if deemed advisable, approve the Shareholders' TSX Shareholder Rights Plan Resolution approving the adoption of the Shareholder Rights Plan. The Shareholder Rights Plan is subject to acceptance by the TSX.

A summary of the Shareholder Rights Plan is set out in Appendix "K" to this Circular. This summary is qualified in its entirety by the full text of the Shareholder Rights Plan, a copy of which will be made available under Calfrac's profile on SEDAR at www.sedar.com. See "*Shareholder Rights Plan*" for additional details.

***Releases and Waivers***

The Plan of Arrangement includes releases in connection with the implementation of the Recapitalization Transaction in favour of the Released Parties.

Pursuant to the Plan of Arrangement, the Released Parties will be released and discharged from any and all present and future actions, causes of action, damages, judgments, executions, obligations, liabilities and claims of any kind or nature whatsoever arising on or prior to the Effective Date in connection with the Senior Unsecured Notes, the Senior Unsecured Note Indenture, the Support Agreement, the Existing Shares, the Arrangement, the Arrangement Agreement, the Plan of Arrangement, the CBCA Proceedings, the Chapter 15 Proceedings and any other proceedings commenced with respect to or in connection with the Plan of Arrangement, the transactions contemplated hereunder,

and any other actions, agreements, documents or matters related directly or indirectly to the foregoing, provided that such release and discharge excludes any Released Party:

(a) from or in respect of their respective obligations under the Plan of Arrangement, the Support Agreement, the Commitment Letter or any Order or document ancillary to any of the foregoing;

(b) from liabilities or Claims attributable to such Released Party's fraud, gross negligence or wilful misconduct, as determined by the final, non-appealable judgment of the Court; or

(c) from any and all present and future actions, causes of action, damages, judgments, executions, obligations and Claims of any kind or nature whatsoever arising or in existence on or prior to the Effective Date and relating to any such Released Party other than in respect of their respective roles as a Released Party, provided further that nothing herein shall release any Claims of the Applicants as asserted in Court File Number 1801-07588, in the Court of Queen's Bench of Alberta, Judicial Centre of Calgary.

The foregoing release shall not be construed to prohibit a party in interest from seeking to enforce the terms of the Plan of Arrangement or any contract or agreement entered into pursuant to, in connection with or contemplated by the Plan of Arrangement. Furthermore, the Plan of Arrangement provides that all Senior Unsecured Noteholders shall be deemed to have agreed that, if there is any conflict between the provisions of the Senior Unsecured Note Documents as at the Effective Date and the provisions of the Plan of Arrangement, then the provisions of the Plan of Arrangement take precedence and priority.

Each Affected Party shall, and shall be deemed to, irrevocably and forever release any right to challenge, contest, dispute or seek to set aside, amend or vary the Arrangement, the Plan of Arrangement, the transactions contemplated thereunder or the securities and indebtedness of the Applicants in effect immediately following the Effective Time (including, without limitation, the obligations, priorities and entitlements in respect of the First Lien Credit Agreement, the New 1.5 Lien Notes and the New 1.5 Lien Note Documents, the Second Lien Notes and the Second Lien Note Documents, and the New Common Shares), and all Affected Parties shall be permanently enjoined from asserting or proceeding with any Claim, directly or indirectly, in respect of the foregoing.

**Certain U.S. Securities Laws Matters**

It is intended that the Arrangement shall be carried out such that the issuance and distribution of the New Common Shares under the Arrangement qualifies in the United States for the exemption from the registration requirements of the 1933 Act provided by section 3(a)(10) (the "**Section 3(a)(10) Exemption**") and applicable state securities laws in reliance upon similar exemptions under applicable state securities laws. In order to ensure the availability of the Section 3(a)(10) Exemption, the Arrangement will be carried out on the following basis:

(a) pursuant to the Senior Unsecured Note Exchange, each Senior Unsecured Noteholder shall irrevocably exchange, and be deemed to exchange, all of its Senior Unsecured Notes and all of its rights under the Senior Unsecured Notes and the Senior Unsecured Note Indenture in exchange for its Senior Unsecured Noteholder Pro Rata Share of the Senior Unsecured Noteholder New Common Share Pool, and if such Senior Unsecured Noteholder is an Early Consenting Noteholder, its Early Consenting Noteholder Pro Rata Share of the Early Consenting Noteholder New Common Share Pool;

(b) the Arrangement (including the conversion or exchange (as the case may be) of Senior Unsecured Notes into New Common Shares) will be subject to the approval of the Court;

(c) the Court will be advised as to the intention to rely on the Section 3(a)(10) Exemption prior to the Court hearing at which the Final Order will be sought;

(d) the Court will be required to satisfy itself as to the fairness of the Arrangement;

(e) the Final Order will address the Arrangement being approved by the Court as being fair to the Senior Unsecured Noteholders;

(f) each Senior Unsecured Noteholder will be given adequate notice advising them of their right to attend the Court hearing and providing them with sufficient information necessary for them to exercise that right; and

(g) the Interim Order will specify that each Senior Unsecured Noteholder will have the right to appear before the Court at the Court hearing on the Final Order so long as such Senior Unsecured Noteholder files and delivers a Notice of Intention to Appear and satisfying any other requirements of the Court as provided in the Interim Order or otherwise.

**Required Approvals**

The Arrangement requires approval by the Court. Prior to the mailing of this Circular, Calfrac obtained: (a) the Preliminary Interim Order, providing for a stay of proceedings in favour of Calfrac and the other Applicants in respect of any defaults that may result from Calfrac's decision to initiate the CBCA Proceedings, or arising in connection with Calfrac's election to defer the cash interest payment due on June 15, 2020 in respect of its outstanding Senior Unsecured Notes, and authorizing Calfrac to seek recognition of the CBCA Proceedings in the United States; and (b) the Interim Order providing for the calling and holding of the Senior Unsecured Noteholders' Meeting and the Shareholders' Meeting, and other procedural matters. A copy of the Preliminary Interim Order and the Interim Order is attached hereto as Appendix "L" and forms part of this Circular. The Notice of Application for the Final Order is attached hereto as Appendix "M" and forms part of this Circular.

The hearing in respect of the Final Order is currently scheduled to take place at the Calgary Courts Centre at 601 - 5th Street S.W., Calgary, Alberta at 10:00 a.m. (Calgary time) on September 30, 2020. Pursuant to the Interim Order and subject to any further Order of the Court, the only persons entitled to appear and be heard at such hearing shall be the Applicants, the CBCA Director, the Senior Unsecured Noteholders, the New 1.5 Lien Note Trustee, the Shareholders, the First Lien Lenders and any person who filed a Notice of Intention to Appear in accordance with the Interim Order, as well as their respective legal counsel.

At the hearing for the Final Order, the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and procedural point of view, and the approval of: (i) the Senior Unsecured Noteholders' Arrangement Resolution by the Senior Unsecured Noteholders at the Senior Unsecured Noteholders' Meeting; and (ii) the Shareholders' Arrangement Resolution by the Shareholders at the Shareholders' Meeting. Nothing in the Preliminary Interim Order or the Interim Order restricts Calfrac from seeking approval by the Court of the Final Order in the event that the Shareholders' Arrangement Resolution is not approved by the Shareholders at the Shareholders' Meeting. Shareholders are entitled to Continuance Dissent Rights with respect to the Shareholders' Arrangement Resolution.

The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

Calfrac has advised the Court that the New Common Shares and the New 1.5 Lien Notes will be issued in reliance upon the exemption from registration under the 1933 Act provided by section 3(a)(10) thereunder, upon the Court's approval of the Arrangement. The Final Order, if granted, will constitute the basis for the exemption from the registration requirements of the 1933 Act pursuant to section 3(a)(10) thereof, with respect to the New Common Shares and New 1.5 Lien Notes to be issued pursuant to the Plan of Arrangement. In order to rely on the exemption from the registration requirements of the 1933 Act provided by section 3(a)(10) thereof, the Court must determine, prior to approving the Final Order, that the terms and conditions of the Arrangement, including the exchange of the New Common Shares for the applicable portion of Senior Unsecured Notes, are fair, both procedurally and substantively, to the applicable Senior Unsecured Noteholders. See "*Certain Regulatory and Other Matters Relating to the Recapitalization Transaction – United States*".

Assuming the Final Order is granted and the other conditions to closing are satisfied or waived, it is anticipated that the following will occur substantially simultaneously: (i) the various documents necessary to consummate the Recapitalization Transaction will be executed and delivered; (ii) Articles of Arrangement will be filed with the CBCA Director to give effect to the Plan of Arrangement; and (iii) the transactions provided for in the Plan of Arrangement and the Recapitalization Transaction will occur in the order and at the times indicated in the Plan of Arrangement. See "*Arrangement Steps*". The Recapitalization Transaction is also subject to the approval of the TSX. See "*Certain Regulatory and Other Matters Relating to the Recapitalization Transaction – Stock Exchange Listing*".

Subject to the foregoing, it is expected that the Effective Time will occur as soon as practicable after the requisite approvals have been obtained. Subject to the satisfaction or waiver of applicable conditions, the Company is working to complete the Recapitalization Transaction in October 2020.

See "*Quorum and Voting Requirements*" for additional details regarding approvals required of Senior Unsecured Noteholders and Shareholders at the Senior Unsecured Noteholders' Meeting and the Shareholders' Meeting, respectively.

**U.S. Eligible Purchasers and Transfer Restrictions**

The New 1.5 Lien Notes, including the Underlying Shares, have not been and will not be registered under the 1933 Act, or the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the 1933 Act. In the United States, the New 1.5 Lien Notes are being offered and sold only to Institutional Accredited Investors and QIBs.

The New 1.5 Lien Notes may not be converted into Underlying Shares by any person in the United States, nor will certificates representing Underlying Shares issuable upon the conversion of New 1.5 Lien Notes be registered or delivered to any person in the United States or to any person exercising for the account or benefit of a person in the United States, unless the Underlying Shares have been registered under the 1933 Act and the applicable securities laws of any state of the United States or an exemption from such registration requirements is available.

Each Eligible Noteholder in the United States who is purchasing the New 1.5 Lien Notes will, prior to the purchase, be required to complete and submit a Participation Form in which it will make certain representations and warranties and agree to certain restrictions on the transfer and conversion of the New 1.5 Lien Notes (and shall acknowledge that the Company is relying upon such representations and warranties), including the following:

(a) it is an Eligible Noteholder and is authorized to consummate the purchase of the New 1.5 Lien Notes;

(b) it understands that the Securities have not been and will not be registered under the 1933 Act, and that the sale of the Securities is being made to Eligible Noteholders in reliance on an exemption from the registration requirements of the 1933 Act. It understands and acknowledges that the Company is not obligated to file and has no present intention of filing with the U.S. Securities Commission or with any state securities administrator any registration statement in respect of resales of the Securities;

(c) it is acquiring the Securities solely for investment for its own account or on account of funds managed by it, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution thereof in any transaction in violation of Canadian Securities Laws or U.S. federal and state securities laws. It will hold the Securities for its own account for investment and not with a view to, or for sale or other disposition in connection with, any distribution of all or any part thereof within the meaning of the 1933 Act, except in compliance with applicable U.S. federal and state securities laws;

(d) it acknowledges and understands that the Securities: (i) are being offered in a transaction not involving any public offering in the U.S. within the meaning of the 1933 Act and that the offer and sale of New 1.5 Lien Notes is being made only to Eligible Noteholders in reliance on an exemption

from the registration requirements of the 1933 Act; (ii) shall be "restricted securities" within the meaning of Rule 144 under the 1933 Act and have not been and will not be registered under the 1933 Act or any U.S. state securities laws; and (iii) may not be reoffered, resold, pledged or otherwise transferred except: (A) outside the United States in accordance with Regulation S; (B) pursuant to the exemption from registration under the 1933 Act provided by Rule 144 or Rule 144A thereunder (if available); (C) in accordance with another exemption from the registration requirements of the 1933 Act (and based upon an opinion of counsel acceptable to Calfrac, if Calfrac so requests); (D) to Calfrac; or (E) pursuant to an effective registration statement under the 1933 Act, and, in each case of clauses (A) through (E), in accordance with all applicable U.S. state securities laws. If applicable, it agrees to notify any subsequent purchaser of the Securities from it of the resale restrictions set forth in the preceding sentence;

(e) it understands that the New 1.5 Lien Notes may not be converted into Underlying Shares by any person in the United States, nor will certificates representing Underlying Shares issuable upon conversion of New 1.5 Lien Notes be registered or delivered to any person in the United States or to any person exercising for the account or benefit of a person in the United States, unless the Underlying Shares have been registered under the 1933 Act and applicable state securities laws or an exemption from such registration requirement is available;

(f) it understands and acknowledges that upon the original issuance of the Securities, and until such time as the same is no longer required under applicable requirements of the 1933 Act or state securities laws, the certificates representing the Securities, and all certificates issued in exchange therefor or in substitution thereof, shall bear a legend substantially to the following effect unless otherwise agreed by the Company and it:

> **"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF THE ISSUER HEREOF THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY: (A) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S; (B) PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT PROVIDED BY RULE 144 OR RULE 144A THEREUNDER (IF AVAILABLE); (C) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER HEREOF, IF THE ISSUER HEREOF SO REQUESTS); (D) TO CALFRAC WELL SERVICES LTD.; OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT, AND, IN EACH CASE OF CLAUSES (A) THROUGH (E), IN ACCORDANCE WITH ALL APPLICABLE U.S. STATE SECURITIES LAWS."**

provided, that if such Securities are being sold outside the United States in compliance with the requirements of Rule 904 of Regulation S, the legend set forth above may be removed by providing an executed declaration to the Company and the registrar and transfer agent for the Securities, in the form the Company may reasonably prescribe from time to time to the effect that such sale is being made in compliance with Rule 904 of Regulation S; and provided, further, that, if such Securities are being sold pursuant to Rule 144 under the 1933 Act, if available, and in compliance with any applicable state securities laws, the legend may be removed by delivery to the Company and the transfer agent of an opinion of counsel of recognized standing reasonably satisfactory to the Company and the transfer agent to the effect that such legend is no longer required under applicable requirements of the 1933 Act;

(g) it is not purchasing any of the New 1.5 Lien Notes (including the Underlying Shares) as a result of: (i) any "general solicitation" or "general advertising" (as such terms are defined in Regulation D under the 1933 Act), including, without limitation, advertisements, articles, notices or other communications published on the internet or in any newspaper, magazine or similar media, or broadcast over radio, television or the internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising or (ii) any "directed selling efforts" (as such term is defined in Regulation S); and

(h) it has been afforded the opportunity: (i) to ask questions and to receive answers from, representatives of the Company concerning the terms and conditions of the Securities; and (ii) to obtain such additional information that it has considered necessary in connection with its decision to invest in the Securities.

**Non-Canadian and Non-U.S. Purchasers**

Each Eligible Noteholder that is resident outside of Canada or the United States and that wishes to participate in the Pro Rata Offering must satisfy Calfrac that such Eligible Noteholder in such jurisdiction are entitled to participate in the Pro Rata Offering in accordance with the laws of such jurisdiction without obliging Calfrac to register the New 1.5 Lien Notes or file a prospectus or other disclosure document or to make any other filings or become subject to any reporting or disclosure obligations that Calfrac is not already obligated to make, and Calfrac may require an opinion of counsel of recognized standing, to such effect.

## PROCEDURES

**Shareholders — Registered Shareholders**

A Letter of Transmittal accompanies this Circular. If the Share Consolidation is approved, Registered Shareholders must properly complete, execute and return the Letter of Transmittal, together with the certificate(s) representing their Common Shares and any other relevant documents required by the instructions set out in the Letter of Transmittal, to the Depositary at one of the offices specified in the Letter of Transmittal, which documents must actually be received by the Depositary in order to receive the New Common Shares. Except as otherwise provided by the instructions in the Letter of Transmittal, the signature on the Letter of Transmittal must be guaranteed by an eligible institution as defined and set out in the Letter of Transmittal that will be sent to Registered Shareholders. If a Letter of Transmittal is executed by a person other than the registered holder of the certificate(s) deposited therewith, the certificate(s) must be endorsed or be accompanied by an appropriate securities transfer power of attorney duly and properly completed by the registered holder, with the signature on the endorsement panel or securities transfer power of attorney guaranteed by the eligible institution. All questions as to form, validity and acceptance of any Common Shares deposited pursuant to the Share Consolidation will be determined by Calfrac in its sole discretion. Registered Shareholders depositing Common Shares agree that such determination shall be final and binding.

Calfrac reserves the absolute right to reject any and all deposits which Calfrac determines not to be in proper form or which may be unlawful for it to accept under the laws of any jurisdiction. Calfrac reserves the absolute right to waive any defect or irregularity in the deposit of any Common Share certificates. There shall be no duty or obligation on Calfrac, the Depositary or any other person to give notice of any defect or irregularity in any deposit of Common Shares and no liability shall be incurred by any of them for failure to give such notice. Calfrac reserves the right to permit the procedure for the exchange of Common Shares pursuant to the Share Consolidation to be completed other than that as set out above. Unless otherwise directed in the Letter of Transmittal, a direct registration statement ("**DRS Statement**") representing the post-Share Consolidation Common Shares to be issued in exchange for the pre-Share Consolidation Common Shares will be issued in the name of the Registered Shareholder so deposited. Unless the person who deposits Common Shares instructs the Depositary to hold the DRS Statement to be issued in exchange for the pre-Share Consolidation Common Shares for pick-up by checking the appropriate box in the Letter of Transmittal, DRS Statements representing the Common Shares to be issued in exchange for the pre-Share Consolidation Common Shares will be forwarded by first class insured mail to the address supplied in the Letter of Transmittal. If no address is provided, DRS Statements will be forwarded to the address of the person as shown on the applicable register of Calfrac. If the Share Consolidation is approved, certificates formerly representing Common Shares on a pre-share

consolidation basis will represent post-Share Consolidation Common Shares on a post-share consolidation basis prior to the exchange of such certificates in accordance with a duly completed Letter of Transmittal.

**Registered Shareholders who do not forward to the Depositary properly completed Shareholder Letters of Transmittal (together with a certificate or certificates representing their Common Shares and all other required documents) will not receive the certificates representing the post-Share Consolidation Common Shares which they are otherwise entitled and also will not be recorded on the registers of post-Share Consolidation Common Shares until proper delivery is made.**

Where a certificate representing Common Shares has been destroyed, lost or mislaid, the registered holder of that certificate should immediately complete the Letter of Transmittal as fully as possible and deliver it together with a letter describing the loss to the Depositary in accordance with instructions in the Letter of Transmittal.

**Shareholders — Beneficial Shareholders**

Shareholders who hold their interests in Common Shares through CDS or DTC will receive their post-Share Consolidation Common Shares through the facilities of CDS or DTC, as applicable. Delivery of post-Share Consolidation Common Shares will be made through the facilities of CDS and DTC to CDS and DTC participants, as applicable, who in turn will deliver the post-Share Consolidation Common Shares to the beneficial holders of such post-Share Consolidation Common Shares pursuant to standing instructions and customary practices.

**Surrender and Cancellation**

The Senior Unsecured Notes are held by DTC (or its nominee) (as sole Registered Senior Unsecured Noteholder on behalf of the beneficial Senior Unsecured Noteholders). On the Effective Date, DTC (or its nominee) (as Registered Senior Unsecured Noteholder on behalf of the beneficial Senior Unsecured Noteholders) will surrender, or cause the surrender of, the certificate(s) representing the Senior Unsecured Notes to the Senior Unsecured Notes Trustee for cancellation in exchange for the consideration payable to Senior Unsecured Noteholders pursuant to the Plan of Arrangement.

**Elections and Pro Rata Offering**

Each Eligible Noteholder (including any Commitment Parties who are also Senior Unsecured Noteholders) will have the right, but not the obligation, to irrevocably elect to participate in the Pro Rata Offering, and will have the opportunity to subscribe for its Electing Noteholder Pro Rata Share of New 1.5 Lien Notes comprising the Pro Rata Offering Amount. For each US$1,000,000 of face value of the Senior Unsecured Notes held by an Eligible Noteholder, such Eligible Noteholder will be entitled to irrevocably subscribe for $34,736 of New 1.5 Lien Notes, rounded down to the nearest multiple of $1,000.

The Applicants will deliver (or cause to be delivered) a Participation Form to DTC, as the sole registered holder of the Senior Unsecured Notes. DTC shall, in accordance with its customary procedures, cause to be delivered through the Intermediaries to each beneficial Senior Unsecured Noteholder information pertaining to an electronic version of the Participation Form through a DTC bulletin and establish a voluntary corporate action pursuant to ASOP or any similar program which provides each beneficial Senior Unsecured Noteholder with the opportunity exercise its Subscription Privilege.

Each Eligible Noteholder that wishes to exercise its Subscription Privilege is required to provide instructions to their Intermediary as described in the Participation Form (or other acceptable form of instruction as required by their Intermediary) prior to their Intermediary's own internal deadlines, which will be before the Participation Deadline. In order for an Eligible Noteholder to participate in the Pro Rata Offering, such Eligible Noteholder's Intermediary must: (a) receive the Eligible Noteholder's Participation Form (or other acceptable form of instruction as required by such Intermediary), complete the required information on its Master Participation Form, and submit the instructions through the facilities of DTC; (b) forward the Eligible Noteholder's information in a properly completed and duly executed Master Participation Form via e-mail to the Proxy, Information and Exchange Agent; and (c) deliver the aggregate Electing Noteholder Amount via wire, net of fees, to the Escrow Agent, prior to the Funding Deadline.

An Eligible Noteholder will not be permitted to participate in the Pro Rata Offering unless: (a) the Proxy, Information and Exchange Agent has received a Master Participation Form from such Eligible Noteholder's Intermediary that incorporates instructions and any additional required information received from such Eligible Noteholder, properly completed and duly executed, by the Participation Deadline; and (b) the Escrow Agent receives the aggregate Electing Noteholder Amount prior to the Funding Deadline.

Submission of a Master Participation Form in accordance with the terms thereof and the Interim Order shall constitute an irrevocable subscription by the underlying Electing Noteholders for and a commitment by the applicable Electing Noteholders to participate in the Pro Rata Offering by purchasing New 1.5 Lien Notes equal to their Electing Noteholder Amount.

Any Eligible Noteholder who wishes to participate in the Pro Rata Offering should contact their Intermediary or Kingsdale Advisors, as soon as possible, by: (a) telephone, toll-free in North America at 1-877-659-1822 or at 416-867-2272 outside of North America; or (b) e-mail to contactus@kingsdaleadvisors.com.

**Issuances and Distributions**

All New Common Shares issued in connection with the Plan of Arrangement shall be deemed to be duly authorized, validly issued, fully paid and non-assessable. All amounts paid or payable hereunder on account of the Senior Unsecured Noteholder Claims (including, for greater certainty, any securities received hereunder) shall be applied as follows: (a) first, in respect of the principal amount of the obligations to which such Senior Unsecured Noteholder Claims relate, and (b) second, only after the principal amount of the obligations has been paid, in respect of any other Obligations to which such Senior Unsecured Noteholder Claims relate, including accrued but unpaid interest, default interest and make-whole amounts. In particular, consideration in full or partial satisfaction of the Senior Unsecured Noteholder Claims shall be allocated first to the principal amount of such Claims (including for U.S. federal income purposes), with any excess allocated to unpaid interest that accrued on such Claims.

The issuances and distributions contemplated in the Plan of Arrangement will be made as follows:

(a) In respect of the delivery of New Common Shares:

(i) On the Effective Date, Calfrac shall deliver a treasury direction to the Transfer Agent that directs the Transfer Agent to issue all of the New Common Shares to be issued and distributed under the Plan of Arrangement and direct the Transfer Agent to use its commercially reasonable efforts to cause the New Common Shares under the Plan of Arrangement to be distributed by no later than the second Business Day following the Effective Date (or such other date as the Applicants and the Majority Commitment Parties may agree, each acting reasonably).

(ii) The delivery of New Common Shares issued pursuant to the Plan of Arrangement shall be made (A) in respect of Senior Unsecured Noteholders that are entitled to receive New Common Shares under the Plan of Arrangement and who are able to receive New Common Shares through DTC, as of the Record Date, through the facilities of DTC, to Intermediaries who, in turn, will make delivery of the New Common Shares to the ultimate beneficial recipients thereof pursuant to standing instructions and customary practices of DTC, or (B) in respect of any Senior Unsecured Noteholder that is entitled to receive New Common Shares under the Plan of Arrangement, has withdrawn its Senior Unsecured Notes from DTC, and holds such Senior Unsecured Notes in registered form, by providing either (A) Direct Registration System advices or confirmations or (B) certificated shares, as elected by such holder in consultation with Calfrac, in the name of the applicable recipient thereof (or its Intermediary) and registered electronically in Calfrac's records which will be maintained by the Transfer Agent.

(b) In respect of the delivery of the Commitment Consideration Shares to be issued to the Commitment Parties:

(i) Prior to the Effective Date, each Commitment Party shall provide registration and delivery instructions with respect to the Commitment Consideration Shares to which it is entitled pursuant to the Plan of Arrangement.

(ii) On the Effective Date and in accordance with the Plan of Arrangement, the Commitment Consideration Shares will be issued to ArrangeCo, as agent for the Funding Commitment Parties.

(iii) Within three (3) Business Days following the Effective Date, ArrangeCo, in its capacity as agent in connection with the Commitment Consideration Shares, and with the assistance of the Proxy, Information and Exchange Agent, shall determine the entitlement of each Funding Commitment Party pursuant to the Plan of Arrangement.

(iv) On the fifth ($5^{th}$) Business Day following the Effective Date, ArrangeCo, in its capacity as agent in connection with the Commitment Consideration Shares, shall transfer and convey the Commitment Consideration Shares (and the Transfer Agent shall be deemed instructed to transfer and convey such Commitment Consideration Shares to) to the Funding Commitment Parties in accordance with the registration and delivery instructions provided pursuant to the Plan of Arrangement, subject to the treatment of fractional interests as described therein. Following such distribution, any Commitment Consideration Shares remaining with ArrangeCo due to the treatment of fractional interests in accordance with the Plan of Arrangement shall be cancelled for no consideration.

(c) In respect of the delivery of post-Share Consolidation Common Shares:

(i) After the Effective Date and following delivery to the Depositary of a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may require, each Registered Shareholder shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such Shareholder, Direct Registration System advices evidencing the post-Share Consolidation Common Shares, or certificated post-Share Consolidation Common Shares, to which the Shareholder's Existing Shares are and are deemed to be consolidated pursuant to the Share Consolidation.

(d) In respect of the delivery of New 1.5 Lien Notes:

(i) The delivery of the New 1.5 Lien Notes shall be made by way of book entry to Intermediaries in respect of the aggregate New 1.5 Lien Notes that Funding Electing Noteholders and Funding Commitment Parties that have an account with each such Intermediary are entitled to pursuant to the Plan of Arrangement, and such Intermediary, in turn, will make delivery of such New 1.5 Lien Notes to the Funding Electing Noteholders and/or the Funding Commitment Parties, as applicable, as contemplated by section 5.3(c) of the Plan of Arrangement, pursuant to the instructions received by the Intermediaries and customary practices of CDS, DTC or such other depository as agreed by the Applicants and the Initial Commitment Parties.

(e) In respect of the delivery of PSU consideration:

(i) As soon as practicable after the Effective Date, Calfrac shall pay the amounts, net of applicable withholdings, to be paid to holders of Equity-Based PSUs either: (i) pursuant to the normal payroll practices and procedures of Calfrac; or (ii) in the event that payment pursuant to the normal payroll practices and procedures of Calfrac is not practicable for

any such holder, by cheque (delivered to such holder of Equity-Based PSUs as reflected on the register maintained by or on behalf of Calfrac in respect of the Equity-Based PSUs).

**General**

Any use of the mail to transmit a certificate representing Common Shares and a related Letter of Transmittal is at the risk of the Securityholder. If these documents are mailed, it is recommended that registered mail, with (if applicable) return receipt requested, properly insured, be used. If the Recapitalization Transaction is not completed, the certificates representing Common Shares received by the Transfer Agent will be returned to the appropriate Securityholders.

**Securityholders whose Common Shares or Senior Unsecured Notes are registered in the name of a broker, investment dealer, bank, trust company or other Intermediary should contact that Intermediary for instructions and assistance in providing details of registration and delivery of their Common Shares.**

*Strict compliance with the requirements set forth above concerning deposit and delivery of securities and related required documents will be necessary.*

## ARRANGEMENT STEPS

Pursuant to the Arrangement, commencing at the Effective Time, the following events will be deemed to occur in a specified order without any further act or formality, except as otherwise provided in the Plan of Arrangement:

(a) The Common Shares shall be, and shall be deemed to be, consolidated based on a Consolidation Ratio, pursuant to the Share Consolidation.

(b) The following shall occur concurrently:

(i) in exchange for the Senior Unsecured Notes issued by Calfrac LP, and in full and final settlement of the Senior Unsecured Noteholder Claims, Calfrac (for the benefit and on behalf of Calfrac LP) shall issue to each Senior Unsecured Noteholder:

(A) its Senior Unsecured Noteholder Pro Rata Share of the Senior Unsecured Noteholder New Common Share Pool; and

(B) if such Senior Unsecured Noteholder is an Early Consenting Noteholder, its Early Consenting Noteholder Pro Rata Share of the Early Consenting Noteholder New Common Share Pool;

and Calfrac shall add the Stated Capital Amount to the stated capital account maintained in respect of the Common Shares;

(ii) the Senior Unsecured Noteholder Claims shall, and shall be deemed to be, irrevocably and finally extinguished and the Senior Unsecured Noteholders shall have no further right, title or interest in and to the Senior Unsecured Notes or their respective Senior Unsecured Noteholder Claims;

(iii) the Senior Unsecured Notes, the Senior Unsecured Notes Indenture and any and all other related Senior Unsecured Note Documents shall be cancelled;

(iv) in consideration for the New Common Shares issued to Senior Unsecured Noteholders by Calfrac for the benefit and on behalf of Calfrac LP pursuant to the Senior Unsecured Note Exchange, Calfrac shall be deemed to have made a capital contribution to, and subscribed for partnership units in, Calfrac LP, such capital contribution consisting of the New Common Shares and in an amount equal to the Stated Capital Amount; and

(v) Calfrac LP shall add the Stated Capital Amount to the partnership capital account maintained for Calfrac.

(c) The following shall occur concurrently (unless otherwise indicated):

(i) the Applicants shall become entitled to the Funded Amounts deposited in escrow with the Escrow Agent and the Escrow Agent shall be deemed to be instructed to release to Calfrac the Funded Amounts held by the Escrow Agent;

(ii) Calfrac, the Obligors and the New 1.5 Lien Note Trustee shall enter into the New 1.5 Lien Documents in form and substance acceptable to the Applicants and the Initial Commitment Parties, each acting reasonably;

(iii) Calfrac shall issue to each Funding Electing Noteholder its New 1.5 Lien Notes in consideration for its Electing Noteholder Funded Amount; and

(iv) Calfrac shall issue to each Funding Commitment Party its New 1.5 Lien Notes in consideration for its Direct Commitment Funded Amount and, if applicable, its Shortfall Commitment Funded Amount.

(d) The articles of ArrangeCo shall be amended to include the following restrictions on the business that ArrangeCo may carry on effective as of the Effective Date:

"The business that the Corporation may carry on shall be limited to the activities and operations necessary or desirable to hold, as agent for and on behalf of the Funding Commitment Parties, the Commitment Consideration Shares under the plan of arrangement of the Corporation, Calfrac Well Services Ltd., Calfrac (Canada) Inc., Calfrac Well Services Corp. and Calfrac Holdings LP, by its general partner, Calfrac (Canada) Inc. (the "Plan of Arrangement"), pursuant to the terms of the Plan of Arrangement, and to carry out such other roles as may be required by such Plan of Arrangement or any court orders related to such Plan of Arrangement. These restrictions shall not prejudice the ability of the Corporation to sell, dispose or otherwise transact with respect to assets or property held by the Corporation as of the date on which these restrictions were added to the articles of the Corporation."

(e) Calfrac shall issue to ArrangeCo the Commitment Consideration Shares, to be subsequently allocated among and transferred to the Funding Commitment Parties based on each Funding Commitment Party's pro rata share (based on its respective Shortfall Commitment as compared to the Shortfall Commitment of all Funding Commitment Parties), subject to the treatment of fractional interests in accordance with the Plan of Arrangement.

(f) The Stock Option Plan shall terminate, and all underlying Options shall be cancelled for no consideration.

(g) The following shall occur concurrently (unless otherwise indicated):

(i) Each Equity-Based PSU outstanding immediately prior to the Effective Time (whether vested or unvested) shall, in accordance with the terms of the PSU Plan, and without any further action by or on behalf of a holder of Equity-Based PSUs, be deemed to be vested and each holder of such Equity-Based PSU shall receive, for each Equity-Based PSU, from the applicable employer entity, a cash payment equal to the 5-day volume weighted average trading price of the Common Shares on the Toronto Stock Exchange immediately prior to the Effective Date (less any applicable withholding tax or other source deductions),

provided that the aggregate payments to holders of Equity-Based PSUs shall not exceed $175,000.

(ii) The PSU Plan shall terminate, and all underlying PSUs (including all Equity-Based PSUs) shall be cancelled for no consideration (except as set forth above).

(h) The releases referred to in sections 6.1 and 6.2 of the Plan of Arrangement shall become effective.

(i) ArrangeCo shall transfer all of its assets (other than the Commitment Consideration Shares) to Calfrac in consideration for a non-interest bearing promissory note issued by Calfrac in a principal amount equal to the value of the transferred assets.

(j) The Omnibus Incentive Plan shall be deemed to be approved by all of the Shareholders and those persons receiving New Common Shares pursuant to the Plan of Arrangement.

(k) The stated capital account for the Common Shares of Calfrac shall be reduced and a corresponding increase be made to Calfrac's contributed surplus account (the "**Stated Capital Reduction**").

## EFFECT OF THE RECAPITALIZATION TRANSACTION

The Recapitalization Transaction is expected to substantially improve the capital structure of Calfrac by reducing the amount of outstanding total debt by approximately $571.8 million (converted into Canadian Dollars at the U.S. Dollar/Canadian Dollar exchange rate of 0.7309 posted by the Bank of Canada as at June 29, 2020). With a normalized capital structure, Calfrac will benefit from a reduction in its annual cash interest expense by approximately $52.7 million (converted into Canadian Dollars using the foregoing exchange rate). Management of Calfrac believes that the Recapitalization Transaction will confer a number of benefits on Calfrac, as described in more detail in "*Background to and Reasons for the Recapitalization Transaction – Reasons for the Recapitalization Transaction*".

The following table shows the effect of the Recapitalization Transaction on Calfrac's consolidated capital structure:

| | **Current Debt ($ millions)** | **Adjustment for Recapitalization Transaction ($ millions)** | **Pro Forma Debt ($ millions)** |
|---|---|---|---|
| First Lien Credit Facility | 170.0 | (41.0) | 129.0 |
| New 1.5 Lien Notes | - | 60.0 | 60.0 |
| Second Lien Notes (US$120.0 million) | 164.2 | - | 164.2 |
| Senior Unsecured Notes (US$431.8 million) | 590.8 | (590.8) | - |
| Lease Obligations (current and long-term) | 32.3 | - | 32.3 |
| **Total** | 957.3 | (571.8) | 385.5 |

## FAILURE TO IMPLEMENT THE RECAPITALIZATION TRANSACTION

In the event the Recapitalization Transaction is not successful, the Company will need to evaluate all of its options and alternatives related to any future court proceedings or other alternatives to address key liquidity and debt leverage matters which exist today. In the event the Recapitalization Transaction is not successful, the value available to stakeholders may be significantly less, and any proceeds available for distribution to stakeholders would be paid in priority to the First Lien Lenders, Second Lien Noteholders and Senior Unsecured Noteholders, with the remaining proceeds, if any, paid to the Shareholders. There is significant risk that there may be no recovery of any kind, or amount available for parties with subordinate claims (including Shareholders).

## NOTEHOLDER SUPPORT AGREEMENT

Effective July 13, 2020, the Company (along with the Obligors) entered into the Noteholder Support Agreement with certain Consenting Noteholders holding approximately 50% of the Senior Unsecured Notes as at such date. The following is a summary of the principal terms of such Noteholder Support Agreement. This summary does not purport to be complete and is qualified in its entirety by reference to the form of Noteholder Support Agreement, a copy of which, subject to applicable redactions, is available under the Company's profile on SEDAR at www.sedar.com.

### Consenting Noteholder Covenants

Pursuant to the Noteholder Support Agreement, and subject to the terms and conditions thereof, each of the Consenting Noteholders agreed, among other things (capitalized terms used and not defined in this section have the meanings given to them in the Noteholder Support Agreement):

(a) to vote (or cause to be voted) all of its Senior Unsecured Notes and Common Shares, as applicable, (i) in favour of the approval, consent, ratification and adoption of the Plan of Arrangement (and any actions required in furtherance thereof) in accordance with the terms therein; and (ii) against the approval, consent, ratification and adoption of any matter or transaction for the Company that, if approved, consented to, ratified or adopted could reasonably be expected to delay, challenge, frustrate or hinder the consummation of the Recapitalization Transaction and/or the Plan of Arrangement, as applicable;

(b) not to, directly or indirectly sell, assign, lend, pledge, mortgage or hypothecate, dispose or otherwise transfer any of its Senior Unsecured Notes or Common Shares, or any rights or interests therein, deposit any of its Senior Unsecured Notes or Common Shares into a voting trust, or grant (or permit to be granted) any proxies or powers of attorney or attorney in fact, or enter into a voting agreement, understanding or arrangement, with respect to the voting of its Senior Unsecured Notes or Common Shares if such trust, grant, agreement, understanding or arrangement would be reasonably expected to adversely impact the ability of the Consenting Noteholder to comply with its obligations under the Noteholder Support Agreement, in each case subject to the exceptions contained in the Noteholder Support Agreement;

(c) not to take any action, directly or indirectly, that is inconsistent with its obligations under the Noteholder Support Agreement or that would frustrate, hinder or delay the consummation of the Recapitalization Transaction (which includes any applications to the TSX necessary to implement the same), provided that nothing in the Noteholder Support Agreement shall restrict, limit, prohibit, or preclude, in any manner not inconsistent with its obligations under the Noteholder Support Agreement, any Consenting Noteholder from (i) appearing in Court with respect to any motion or application in the CBCA Proceedings and objecting to any relief sought by the Company to the extent such relief is inconsistent with the terms of the Noteholder Support Agreement, (ii) enforcing any rights under the Noteholder Support Agreement, including any consent or approval rights set forth herein, or (iii) contesting whether any matter, fact or thing is a breach of, or is inconsistent with, the Noteholder Support Agreement, or exercising any rights or remedies reserved in the Noteholder Support Agreement;

(d) not to propose, file, solicit, vote for (or cause to vote for), agree to or otherwise support any alternative offer, transaction (including exchange transaction), restructuring, liquidation, workout or plan of compromise or arrangement or reorganization of or for the Company, including, without limitation, any proceeding or plan of arrangement under the CBCA, other legislation or otherwise, or note exchange transaction pursuant to a Senior Unsecured Note Exchange offer or otherwise, that is inconsistent with the Recapitalization Transaction or the Noteholder Support Agreement;

(e) to use its commercially reasonable efforts to support, and to instruct its respective advisors to support, all motions filed by the Company in the CBCA Proceedings that are consistent with and in furtherance of the Noteholder Support Agreement, the Recapitalization Transaction and the Plan of Arrangement;

(f) to forbear from enforcing any right, taking any action or initiating any proceeding in respect of any non-payment by the Company of interest in respect of the Relevant Debt ("**Interest Non-Payment**") during the period commencing on the date hereof and ending on the termination of the Noteholder Support Agreement (the "**Forbearance Period**");

(g) to consent in the CBCA Proceedings to a stay of proceedings in respect of any default as a result of the Recapitalization Transaction or any Interest Non-Payment during the Forbearance Period;

(h) to forbear from exercising any remedies, powers or privileges, or from instituting any enforcement actions or collection actions, with respect to any obligations under the Senior Unsecured Notes in connection with (i) the Recapitalization Transaction or (ii) during the Forbearance Period, any Interest Non-Payment; and

(i) not to, after the Effective Date, act in concert as a group without separate interests with any of the other Consenting Noteholders with respect to its investment in the Company.

**Company's Covenants**

Pursuant to the Noteholder Support Agreement, and subject to the terms and conditions thereof, the Company, on its own behalf and on behalf of its subsidiaries, agreed to, among other things, take all reasonable actions necessary to implement the Recapitalization Transaction in accordance with the terms of the Noteholder Support Agreement, file the Plan of Arrangement on a timely basis consistent with the terms and conditions of the Noteholder Support Agreement, recommend that any Person entitled to vote on the Plan of Arrangement vote in favour of the Plan of Arrangement, take all commercially reasonable actions necessary to obtain any regulatory approvals required to implement the Recapitalization Transaction and to achieve the following timeline (which may be extended with the mutual agreement of the Company and the Initial Consenting Noteholders):

(a) file the application in the CBCA Proceedings seeking the Interim Order by no later than August 7, 2020;

(b) obtain approval of the Interim Order by the Court by no later than August 7, 2020;

(c) obtain approval of the Final Order by the Court by no later than October 7, 2020; and

(d) implement the Recapitalization Transaction pursuant to the Plan of Arrangement on or prior to the Outside Date.

**Representations and Warranties**

The parties to the Noteholder Support Agreement made a number of customary representations and warranties regarding themselves and the Noteholder Support Agreement. The Company also provided customary representations and warranties regarding its business, assets and operations.

**Superior Proposal**

The Noteholder Support Agreement provides that, in the event the Company receives a *bona fide* unsolicited proposal (including, and for greater certainty, any acquisition or financing proposal), the Company is permitted to negotiate and enter into a transaction in respect of any such proposal if, following receipt of advice from outside legal and financial advisors, and discussions with the Initial Consenting Noteholders, the Board believes in good faith, in the exercise of its fiduciary duties, that: (a) such proposal could reasonably be expected to result in a transaction more favourable to the Company and its stakeholders than the Recapitalization Transaction; and (b) it is supported by the Senior Unsecured Noteholders holding not less than $66^{2/3}$% of the aggregate principal amount of the Senior Unsecured Notes outstanding or is capable of being implemented without the support of Senior Unsecured Noteholders holding not less than $66^{2/3}$% of the aggregate principal amount of the Senior Unsecured Notes outstanding (a "**Superior Proposal**"); provided that if the Company receives a Superior Proposal, it shall disclose to the Initial Consenting Noteholders and Goodmans LLP (the "**Ad Hoc Advisor**") within three (3) Business Days of the receipt of such Superior Proposal: (i) the receipt thereof; and (ii) the material terms of such Superior Proposal and copies of all material documents received in respect of such Superior Proposal from or on behalf of such Person, in each case subject to any confidentiality restrictions and provided that the Initial Consenting Noteholders and the Ad Hoc Advisor shall agree to keep such information confidential.

**Conditions**

The Noteholder Support Agreement stipulates that the following conditions, among others, must be reasonably satisfied or waived in accordance with the terms therein prior to implementation of the Recapitalization Transaction:

(a) the Plan of Arrangement shall have been approved by the Court and the requisite majorities of affected stakeholders as and to the extent required by the Court and shall have been implemented by the Outside Date, or such other date as the parties to the Noteholder Support Agreement may agree;

(b) the Company shall have received any and all required consents and approvals from required third parties, unless otherwise addressed pursuant to the Final Order;

(c) the Final Order shall not be subject to pending appeal or an application for leave to appeal, and all applicable appeal periods in respect of the Final Order shall have expired, provided that if all other conditions hereunder in favour of the Initial Consenting Noteholders have been satisfied or waived by October 31, 2020 (other than those conditions that, by their nature, must be satisfied on the Effective Date), then the Outside Date shall be extended until November 16, 2020;

(d) the Plan of Arrangement and the Definitive Documents (as defined in the Noteholder Support Agreement) shall be on terms consistent with the Noteholder Support Agreement and shall be in form and substance satisfactory to the Company and the Initial Consenting Noteholders, each acting reasonably;

(e) all material filings that are required under applicable Laws in connection with the Recapitalization Transaction shall have been made and any material third party or regulatory consents or approvals that are required in connection with the Recapitalization Transaction shall have been obtained on terms satisfactory to the Company and the Initial Consenting Noteholders, each acting reasonably, or obtained pursuant to the Final Order, and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated;

(f) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Entity, no application shall have been made to any Governmental Entity, and no action shall have been announced or commenced by any Governmental Entity, in consequence of or in connection with the Recapitalization Transaction or the Plan of Arrangement that restrains, prohibits or materially impedes the Recapitalization Transaction or the Plan of Arrangement, or requires or purports to require a material variation of the Recapitalization Transaction terms that is not acceptable to the Company and the Initial Consenting Noteholders, each acting reasonably;

(g) the Director appointed pursuant to section 260 of the CBCA shall have issued a Certificate of Arrangement or other confirmation of filing giving effect to the Articles of Arrangement in respect of the Plan of Arrangement;

(h) any required amendments or waivers of the First Lien Credit Agreement shall have been obtained, subject to the approval of the First Lien Lenders and the Court, to reflect the terms of and allow for the implementation of the Recapitalization Transaction in accordance with the Recapitalization Transaction Term Sheet attached as Schedule "C" to the Noteholder Support Agreement, in form and substance acceptable to the Company and the Initial Consenting Noteholders, each acting reasonably;

(i) the Pro Rata Offering shall be completed concurrently with the completion of the Recapitalization Transaction, with New 1.5 Lien Notes issued pursuant to and in accordance with the Commitment Letter; and

(j) the Effective Date shall occur by the Outside Date, or such other date as the Company and the Initial Consenting Noteholders may agree.

The obligations of the Consenting Noteholders to complete the Recapitalization Transaction are subject to the satisfaction of the following conditions, among others, prior to or on the Effective Date, each of which is for the exclusive benefit of the Consenting Noteholders and may be waived, in whole or in part, solely by the Consenting Noteholders:

(a) the Company and its subsidiaries shall have (i) achieved the milestones required by the Noteholder Support Agreement on or before the applicable dates set forth therein, and (ii) complied in all material respects with their covenants and obligations in the Noteholder Support Agreement that are to be performed on or before the Effective Date;

(b) the composition and size of the Board as of the Effective Date shall be satisfactory to the Company and the Initial Consenting Noteholders, each acting reasonably;

(c) as of the Effective Date, the Company shall have available liquidity from cash balances and immediate borrowing availability under the Credit Agreement of not less than $20,000,000;

(d) the terms of any engagement letters or other agreements between the Company and its advisors relating to the Recapitalization Transaction shall be acceptable to the Initial Consenting Noteholders by no later than July 20, 2020, acting reasonably;

(e) all securities of the Company to be issued in connection with the Recapitalization Transaction, when issued and delivered, shall be duly authorized, validly issued and, with respect to the New Common Shares, fully paid and non-assessable;

(f) all Common Shares of the Company including the New Common Shares, shall be listed and conditionally approved for trading on the TSX, subject only to the receipt of customary final documentation; and

(g) the reasonable and documented outstanding fees and expenses of the Ad Hoc Advisor shall have been paid in full in cash in accordance with its written agreement with the Company, provided that the Ad Hoc Advisor shall have provided the Company with invoices for all such fees and expenses at least three (3) Business Days prior to the Effective Date evidenced by an officer's certificate.

**Termination**

The Noteholder Support Agreement may be terminated by the Initial Consenting Noteholders by providing written notice to the Company upon the occurrence and continuation of, among other things: (a) the Company failing to meet any of the milestones required by the Noteholder Support Agreement; (b) the failure to obtain the conditional approval of the TSX to the issuance of the common shares issuable pursuant to the New 1.5 Lien Notes; (c) the Company entering into a written agreement, or publicly supporting or announcing its intention, to pursue a Superior Proposal (as defined under the Noteholder Support Agreement); or (d) the Commitment Letter is terminated or otherwise ceases to be in full force and effect.

The Noteholder Support Agreement may be terminated by the Company by providing written notice to the Consenting Noteholders upon the occurrence and continuation of, among other things: (a) the Company entering into a written agreement, or publicly announcing its intention to pursue a Superior Proposal (as defined under the Noteholder Support Agreement) in accordance with the Noteholder Support Agreement; or (b) the Senior Unsecured Notes are indefeasibly repaid in cash in full prior to the Effective Date.

The Noteholder Support Agreement will terminate automatically as to all parties thereto on the Effective Date upon the implementation of the Recapitalization Transaction. In addition, the Noteholder Support Agreement may be terminated by mutual consent of the Company and the Initial Consenting Noteholders.

## SHAREHOLDER SUPPORT AGREEMENT

Calfrac has entered into Shareholder Support Agreements with certain Supporting Shareholders, holding approximately 23% of the Common Shares. Pursuant to the Shareholder Support Agreements, the Supporting Shareholders party thereto have agreed, among other things and subject to the terms of the Shareholder Support Agreements, to vote in favour of the Arrangement.

**Supporting Shareholder Covenants**

Pursuant to the Shareholder Support Agreements, and subject to the terms and conditions thereof, each Supporting Shareholder agreed, among other things:

(a) consent to the Recapitalization Transaction substantially on the terms set out in the term sheet contained in the Shareholder Support Agreement, and consent to such amendments, modifications and/or supplements to the Recapitalization Transaction and term sheet contained in the Shareholder Support Agreement and to such other transactions as may be otherwise approved by the Board to the extent the terms thereof are not materially adversely different to the Supporting Shareholder from those set out in the term sheet contained in the Shareholder Support Agreement (collectively, "**Other Transactions**");

(b) vote (or cause to be voted) all of its Common Shares in the event a vote of Shareholders is required in connection with the Recapitalization Transaction and the Plan of Arrangement or any Other Transaction for any reason (including pursuant to the rules of the TSX), in favour of the approval, consent, ratification and adoption of the Recapitalization Transaction and the Plan of Arrangement or Other Transaction (and any actions required in furtherance thereof) in accordance with the terms of the Shareholder Support Agreement, and if requested by the Company, any written consent in lieu of a meeting to evidence its approval, consent, ratification and adoption of the Recapitalization Transaction and the Plan of Arrangement or Other Transaction;

(c) support the Company in obtaining approval of the Recapitalization Transaction and Plan of Arrangement by the Court and all other applicable orders in connection therewith on terms consistent with the term sheet contained in the Shareholder Support Agreement;

(d) execute those documents and perform such commercially reasonable acts that are required to satisfy all of its obligations hereunder;

(e) not to, directly or indirectly, exercise any rights of dissent or appraisal with respect to the Recapitalization Transaction, the Plan of Arrangement or any Other Transaction; and

(f) not to, directly or indirectly, object to, delay or take any other action to interfere with the consideration, acceptance or implementation of the Recapitalization Transaction, the Plan of Arrangement or any Other Transaction.

**Representations and Warranties**

The parties to the Shareholder Support Agreement made a number of customary representations and warranties regarding themselves and the Shareholder Support Agreement.

**Termination**

The Shareholder Support Agreement may be terminated upon the earlier of (a) the date the Noteholder Support Agreement is terminated in accordance with its terms; (b) the Effective Date; and (c) October 31, 2020.

**Releases**

The parties to the Shareholder Support Agreement agreed that there will be the usual and customary mutual releases pursuant to the Plan of Arrangement in connection with the implementation of the Recapitalization Transaction to be effective as of the Effective Date. The releases provide that the Company, the Consenting Noteholders, the Shareholders, and each of the foregoing persons' respective principals, members, managed accounts or funds, fund advisors, current and former directors and officers, employees, financial and other advisors, legal counsel and agents, each in their capacity as such are released and discharged from any and all present and future actions, causes of action, damages, judgments, executions, obligations and claims of any kind or nature whatsoever (other than liabilities or claims attributable to any of released party's gross negligence, fraud or willful misconduct as determined by the final, non-appealable judgment of a court of competent jurisdiction) arising on or prior to the Effective Date in connection with the Senior Unsecured Notes, the Senior Unsecured Note Indenture, the Common Shares, the Shareholder Support Agreement, the Recapitalization Transaction (or any Other Transaction), the Plan of Arrangement, the CBCA Proceedings, the transactions contemplated in the Shareholder Support Agreement, and any other actions, agreements, documents or matters related directly or indirectly to the foregoing; provided that the Supporting Shareholder is not released from or in respect of any of its obligations under the Shareholder Support Agreement.

## COMMITMENT LETTER

Effective July 13, 2020, the Company entered into the Commitment Letter with the Commitment Parties, pursuant to which: (a) each Commitment Party has agreed to purchase New 1.5 Lien Notes representing its respective Commitment Pro Rata Share of the Initial Commitment Amount of $45,000,000; and (b) each Commitment Party has agreed to purchase New 1.5 Lien Notes comprising its respective Shortfall Commitment, being the portion of the Shortfall Amount that each such Commitment Party has agreed to purchase.

**Company's Covenants**

Pursuant to the Commitment Letter, and subject to the terms and conditions thereof, the Company, on its own behalf and on behalf of the Calfrac Entities (as defined therein), agreed to, among other things, take all reasonable actions necessary to implement the Recapitalization Transaction in accordance with the terms of the Commitment Letter, file the Plan of Arrangement on a timely basis consistent with the terms and conditions of the Commitment Letter, recommend that any Person entitled to vote on the Plan of Arrangement vote in favour of the Plan of Arrangement, take all commercially reasonable actions necessary to obtain any regulatory approvals required to implement the Recapitalization Transaction and to achieve the following timeline (as such timeline may be extended pursuant to the terms of the Commitment Letter):

(a) file the application in the CBCA Proceedings seeking the Interim Order by no later than August 7, 2020;

(b) obtain approval of the Interim Order by the Court by no later than August 7, 2020;

(c) obtain approval of the Final Order by the Court by no later than October 7, 2020; and

(d) implement the Recapitalization Transaction pursuant to the Plan of Arrangement on or prior to the Outside Date.

**Conditions**

The Commitment Letter stipulates that the following conditions, among others, must be reasonably satisfied or waived in accordance with the terms therein prior to implementation of the Recapitalization Transaction:

(a) the Interim Order, the Plan of Arrangement, the Final Order and all other materials filed by or on behalf of the Company in the CBCA Proceedings shall have been filed (and, if applicable, issued) in form and substance acceptable to the Majority Commitment Parties, acting reasonably.

(b) the Plan of Arrangement shall have been approved by the Court and the requisite majorities of affected stakeholders as and to the extent required by the Court and shall have been implemented by the Outside Date;

(c) the New 1.5 Lien Note Documents and the Offering Documentation (each as defined in the Commitment Letter) shall be in form and substance satisfactory to the Company and the Majority Commitment Parties, each acting reasonably;

(d) the Commitment Parties shall be granted the investor rights as described in Schedule "H" of the Commitment Letter;

(e) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Entity, no application shall have been made to any Governmental Entity, and no action shall have been announced or commenced by any Governmental Entity, in consequence of or in connection with the Recapitalization Transaction or the Plan of Arrangement that restrains, prohibits or materially impedes the Recapitalization Transaction or the Plan of Arrangement; and

(f) the execution and delivery of definitive agreements, and the satisfaction of all conditions to the effectiveness thereof, with respect to the issuance and subscription of the New 1.5 Lien Notes, in each case substantially on the terms contemplated in the Commitment Letter and in the New 1.5 Lien Term Sheet attached as Schedule "F" to the Commitment Letter and the Plan of Arrangement.

**Representations and Warranties**

The parties to the Commitment Letter made a number of customary representations and warranties regarding themselves and the Commitment Letter.

**Termination**

The Commitment Letter may be terminated with respect to the obligations of each Commitment Party or Calfrac upon the occurrence any of the following events:

(a) the Company enters into a written agreement, or publicly announces its intention, to pursue a Superior Proposal (as defined in the Commitment Letter);

(b) the CBCA Proceedings are dismissed or a receiver, interim receiver, receiver and manager, trustee in bankruptcy, liquidator or administrator is appointed with respect to the Company (or any other Company affiliates party to the Senior Unsecured Note Indenture), unless such appointment is made with the prior written consent of the Majority Commitment Parties;

(c) if the Company amend, modifies or files a pleading seeking to amend or modify the Recapitalization Transaction or the Plan of Arrangement, or any material document or order relating thereto, if such amendment or modification is not acceptable to the Majority Commitment Parties; and

(d) if any action shall have been taken to accelerate or enforce, or any proceeding shall have been initiated to accelerate or enforce, the payment or repayment of any indebtedness outstanding under the Second Lien Notes Indenture, Senior Unsecured Notes Indenture or the First Lien Credit Agreement, which (in each case) is not subject to a stay of proceedings in the Interim Order or otherwise and that, if capable of being cured prior to the Outside Date, remains uncured.

## OMNIBUS INCENTIVE PLAN

The Omnibus Incentive Plan is a long-term incentive plan that permits the grant of stock options ("**Stock Options**"), stock appreciation rights ("**SARs**"), restricted share units ("**RSUs**"), performance share units ("**New PSUs**") and other share-based awards ("**Other Share-Based Awards**") to directors, officers, employees and consultants of the Company and its affiliates, as well as prospective directors, officers and employees who have accepted offers of employment or directorship from the Company or its affiliates (collectively, the "**Eligible Individuals**").

The Omnibus Incentive Plan is designed to, among other things, promote a proprietary interest in the Company among Eligible Individuals and to align the interests of such individuals with the interests of Shareholders. The Omnibus Incentive Plan, if approved, will also help to streamline the administration of long-term incentive awards, as all new awards granted by the Company will be governed by a single plan.

At the Shareholders' Meeting, Shareholders will be asked to consider and, if deemed appropriate, approve the Shareholders' TSX Omnibus Incentive Plan Resolution. Upon the completion of the Recapitalization Transaction, the Company's Stock Option Plan and PSU Plan, along with all underlying awards thereunder, will terminate in accordance with the Plan of Arrangement. The Company's current DSU Plan will survive the completion of the Recapitalization Transaction, however, no new DSUs will be granted thereunder. Outstanding DSUs granted under the DSU Plan will continue to be governed by the terms of the DSU Plan until such DSUs are exercised, expire or are otherwise terminated or cancelled. No awards have yet been made under the Omnibus Incentive Plan.

The Omnibus Incentive Plan is a "rolling plan" which provides that the maximum number of Common Shares issuable pursuant to the Omnibus Incentive Plan, and all other security-based compensation arrangements of the Company, may not exceed 10% of the aggregate number of issued and outstanding Common Shares from time to time. Accordingly, in connection with the proposed Omnibus Incentive Plan, the Board is seeking approval for a maximum of 10% of the aggregate number of issued and outstanding Common Shares from time to time be made available for issuance pursuant to awards (as defined below) granted under the Omnibus Incentive Plan. Common Shares issued pursuant to awards granted under the Omnibus Incentive Plan that expire, or are terminated, forfeited or cancelled, will again be available for issuance pursuant to awards subsequently granted under the Omnibus Incentive Plan. The number of Common Shares available for issuance pursuant to awards granted under the Omnibus Incentive Plan will be subject to adjustment in the event of a share split, share dividend, reverse share split, reorganization, consolidation, share combination, recapitalization or similar event affecting the capital structure of the Company.

The rules of the TSX require that every three (3) years after institution, all unallocated options, rights or other entitlements under a security based compensation arrangement that does not have a fixed maximum number of securities issuable must be approved by shareholders. The Omnibus Incentive Plan does not have a fixed number of securities issuable and as such shareholder approval will be required every three (3) years.

The purpose and anticipated principal terms of the Omnibus Incentive Plan are summarized below. **This summary does not purport to be a complete description of the Omnibus Incentive Plan and, subject to any requirements of the TSX, the principal terms summarized below may be amended or replaced in their entirety prior to the adoption of the Omnibus Incentive Plan.**

**Purpose**

The Omnibus Incentive Plan is designed to, among other things, promote a proprietary interest in the Company among Eligible Individuals and to align the interests of such individuals with the interests of Shareholders through the issuance of long-term incentive awards, including Stock Options, SARs, New PSUs, RSUs and Other Share-Based Awards (each, an "**award**" and collectively the "**awards**").

**Eligibility**

Awards may be granted under the Omnibus Incentive Plan to Eligible Individuals. A Stock Option which has been designated as an "incentive stock option" under the applicable grant agreement may be granted only to employees of the Company and its subsidiaries (within the meaning of section 424(f) of the United States Internal Revenue Code of 1986 (the "**Code**")).

**Administration**

The Omnibus Incentive Plan will be administered by the Compensation Committee of the Board or another committee of the Board consisting of at least three (3) directors (such administering body to be referred to in this section as the "**Committee**"). The Committee has absolute authority to determine the Eligible Individuals to whom awards may be granted, and to establish the terms, conditions and limitations of each award (subject to the terms of the Omnibus Incentive Plan and the applicable provisions of the Code), including without limitation, the type and amount of an award, the number of Common Shares subject to an award, the exercise price, any vesting conditions, restrictions or limitations attaching to an award (including any applicable performance criteria to be achieved during any performance period and the length of such performance period) and any vesting acceleration or forfeiture waiver (including on termination of service) regarding any award and Common Shares relating thereto. The Committee also has full power and authority to interpret the terms and provisions of the Omnibus Incentive Plan as well as any award issued under the Omnibus Incentive Plan (and any grant agreement relating thereto).

**Number of Authorized Shares**

The Omnibus Incentive Plan is a "rolling plan" which provides that the maximum number of Common Shares issuable pursuant to the Omnibus Incentive Plan, and all other security-based compensation arrangements of the Company, may not exceed 10% of the aggregate number of issued and outstanding Common Shares from time to time. Common Shares issued pursuant to awards granted under the Omnibus Incentive Plan may, subject to the terms of the grant agreement in respect of an award, be issued from treasury or purchased in the open market or otherwise, at the sole discretion of the Committee. All DSUs outstanding on the Effective Date will remain subject to and be settled in accordance with the terms of the DSU Plan.

Based on there being 37,529,910 issued and outstanding post-Share Consolidation Common Shares immediately following the Effective Date, the number of Common Shares that may be issued pursuant to awards granted under the Omnibus Incentive Plan is expected to be limited to approximately 3,752,991 (less Common Shares reserved for issuance under other security-based compensation arrangements).

If any award is forfeited, terminates, expires or lapses instead of being exercised, or any award is settled for cash, the Common Shares subject to such awards will not be counted as Common Shares issued pursuant to awards granted under the Omnibus Incentive Plan. Common Shares subject to an award intended to qualify for the employment inducement award exception under section 613(c) of the TSX Company Manual will not reduce the number of Common Shares available for issuance under the Omnibus Incentive Plan.

**Insider Participation Limits**

No awards will be granted to any Eligible Individual if, at the time of such grant, such grant could result in the number of Common Shares: (a) issued to Company "insiders" (as defined by the TSX Company Manual) in any one year period; or (b) issuable to Company "insiders" (as defined in the TSX Company Manual) at any time, in each case, pursuant to the exercise or settlement of awards issued under the Omnibus Incentive Plan, or when combined with all

other securities-based compensation arrangements, exceeding 10% of the outstanding Common Shares. A non-employee director of the Company will not be granted awards covering Common Shares with an aggregate grant date Fair Market Value (as defined below) in excess of $150,000 during any one-year period, and no more than $100,000 of such allocated grant date Fair Market Value may be comprised of Stock Options or SARs. In addition, a non-employee director will not be granted any awards under the Omnibus Incentive Plan if, at the time of such grant, such grant could result in the aggregate number of Common Shares issued to all non-employee directors exceeding 1% of the Company's then issued and outstanding Common Shares. No Stock Option that is intended to qualify as an "incentive stock option" may be granted to any Eligible Individual who, at the time of such grant, owns Common Shares possessing more than 10% of the total combined voting power of all Common Shares, unless at the time such Stock Option is granted, the exercise price is at least 110% of the Fair Market Value of a Common Share and such Stock Option expires before the fifth anniversary of the date on which it was granted. Subject to the terms of the Omnibus Incentive Plan, "**Fair Market Value**" means, with respect to any particular date, the volume weighted average trading price per Common Share on the stock exchange designated in the applicable grant agreement during the five trading days immediately preceding such date.

**Adjustments**

In the event of a merger, arrangement, consolidation, acquisition of property or shares, share rights offering, liquidation, disposition of an affiliate (including by reason of a disaffiliation) or similar transaction affecting the Company or any of its affiliates, the Committee may make such adjustments as it deems equitable and appropriate to: (a) the aggregate number and kind of securities reserved for issuance and delivery under the Omnibus Incentive Plan; (b) the number and kind of securities subject to awards then outstanding; and (c) the exercise price of outstanding awards. In the event of a share split, reverse share split, share dividend, share combination, reorganization, recapitalization or similar event affecting the capital structure of the Company, or a disaffiliation, separation or spinoff, in each case without consideration, or other extraordinary dividend of cash or other property to the Shareholders, the Committee may make adjustments as it deems equitable and appropriate to: (a) the aggregate number and kind of securities reserved for issuance and delivery under the Omnibus Incentive Plan; (b) the number and kind of securities subject to awards then outstanding; and (c) the exercise price of outstanding awards.

**Types of awards**

***Stock Options and SARs***

Each Stock Option granted under the Omnibus Incentive Plan will entitle an Eligible Individual to purchase one or more Common Shares upon payment of an exercise price, subject to the terms and conditions of the Omnibus Incentive Plan and the applicable grant agreement. SARs may be granted as a separate award or in conjunction with a Stock Option. Upon the exercise of a SAR, the Eligible Individual will be entitled to receive an amount equal to the product of: (a) the excess of the closing price of one Common Share on the last trading day preceding the date of exercise of the SAR, over the exercise price of the applicable SAR, multiplied by: (b) the number of Common Shares in respect of which the SAR has been exercised. Stock Options granted with a tandem SAR will allow the Eligible Individual to surrender the Stock Option and exercise the related SAR or to exercise the Stock Option, in which case the related SAR will immediately terminate, and no payment will be made, or Common Shares issued in respect thereof. The applicable grant agreement for SARs grants not in conjunction with a Stock Option will specify whether such payment is to be made in cash or Common Shares or will reserve to the Committee or the Eligible Individual the right to make that determination prior to or upon the exercise of the SAR.

The exercise price per Common Share subject to a Stock Option or SAR will be determined by the Committee and set forth in the applicable grant agreement and will not be less than the Fair Market Value of a Common Share on the applicable grant date.

An Eligible Individual to whom Stock Options or SARs are awarded will have no rights as a shareholder with respect to the Common Shares represented by such Stock Options or SARs, as applicable, until Common Shares are actually delivered to the Eligible Individual in settlement thereof.

The term of each Stock Option and each SAR will be fixed by the Committee, however in no event will any Stock Option or SAR be exercisable more than 10 years following the grant date of such award, subject to the terms of the

Omnibus Incentive Plan. Notwithstanding the foregoing, if the date on which a Stock Option or SAR is meant to terminate, expire or lapse (the "**Termination Date**") occurs during a trading blackout period imposed by the Company and applicable to the relevant participant, or within 10 business days of the expiry thereof, then the Termination Date will be extended to the date that is 10 business days following the expiry date of such trading blackout period.

***RSUs***

RSUs are awards denominated in Common Shares that will be settled in a specified number of Common Shares or a cash amount equal to the Fair Market Value of a specified number of Common Shares, as determined in the sole discretion of the Committee.

The vesting of RSUs is conditioned upon the continued service of the applicable Eligible Individual. RSUs will vest in accordance with the terms and conditions of the Omnibus Incentive Plan and the applicable grant agreement.

An Eligible Individual to whom RSUs are awarded will have no rights as a shareholder with respect to the Common Shares represented by the RSUs until Common Shares are actually delivered to the Eligible Individual in settlement thereof.

The effect of an Eligible Individual's period of absence or termination of service on such Eligible Individual's RSUs will be as set forth in the applicable grant agreement.

***New PSUs***

New PSUs are awards denominated in Common Shares that will be settled in Common Shares or a cash amount equal to the Fair Market Value of Common Shares, as determined in the sole discretion of the Committee. The number of New PSUs settled will vary depending on the Company's achievement over a designated performance period of performance criteria determined by the Committee and set forth in the applicable grant agreement.

The vesting of New PSUs is conditioned upon the continued service of the applicable Eligible Individual. New PSUs will vest in accordance with the terms and conditions of the Omnibus Incentive Plan and the applicable grant agreement.

An Eligible Individual to whom New PSUs are awarded will have no rights as a shareholder with respect to the Common Shares represented by the New PSUs until Common Shares are actually delivered to the Eligible Individual in settlement thereof.

The effect of an Eligible Individual's period of absence or termination of service on such Eligible Individual's New PSUs will be as set forth in the applicable grant agreement.

***Other Share-Based Awards***

Subject to the terms of the Omnibus Incentive Plan, the Committee may grant equity-based or equity-related awards not otherwise described in the Omnibus Incentive Plan in such amounts and subject to such terms and conditions consistent with the terms of the Omnibus Incentive Plan as the Committee may determine, which may: (a) involve the transfer of actual Common Shares to Eligible Individuals, either at the time of grant or thereafter, or payment in cash or otherwise of amounts based on the value of Common Shares; (b) be subject to performance-based and/or service-based conditions; (c) be in the form of phantom stock, deferred share units or other awards denominated in, or with a value determined by reference to, a number of Common Shares that is specified at the time of the grant of such award; and (d) be designed to comply with applicable laws of jurisdictions other than the United States or Canada.

An Eligible Individual to whom Other Share-Based Awards are awarded will have no rights as a shareholder with respect to the Common Shares represented by the Other Share-Based Awards until Common Shares are actually delivered to the Eligible Individual in settlement thereof.

**No Repricing**

Without shareholder approval and except as described above under the heading "Adjustments", the Committee is not authorized to reduce the exercise price of an outstanding Stock Option or SAR, including by way of a cancellation in exchange for cash or other awards or in conjunction with the grant of any new Stock Option or SAR with a lower exercise price.

**Transferability**

Except as set forth below, awards under the Omnibus Incentive Plan are not transferable except by will or by laws of descent and distribution (or otherwise for estate settlement purposes). A Stock Option that is not designated as an "incentive stock option" under the applicable grant agreement or a SAR may be transferred by a participant, for no value or consideration, to such participant's family members, whether directly or indirectly or by means of a trust or partnership or otherwise, if such transfer is expressly permitted by the Committee.

**Term and Amendments**

The Committee may amend, alter or discontinue the Omnibus Incentive Plan or amend the terms of any award granted thereunder from time to time without shareholder approval; provided however that:

(a) approval of the holders of a majority of Common Shares present in person or by proxy at a meeting of Shareholders is necessary for any:

  (i) increase in the maximum number of Common Shares issuable pursuant to awards granted under the Omnibus Incentive Plan;

  (ii) amendment that would reduce the exercise price of an outstanding Stock Option or SAR;

  (iii) amendment to extend the maximum term of any award;

  (iv) amendment to permit the transfer or assignment of awards beyond what is contemplated by the Omnibus Incentive Plan;

  (v) amendment to increase the limits on non-employee director participation contained in the Omnibus Incentive Plan;

  (vi) amendment that removes or exceeds the insider participation limit contained in the Omnibus Incentive Plan (as summarized above);

  (vii) amendment to the Omnibus Incentive Plan's amendment provisions; or

  (viii) amendment for which Shareholder approval is otherwise required under the rules or policies of the TSX or any applicable law; and

(b) the consent of the award holder is required for any amendment, alteration or discontinuation which adversely alters or impairs the rights of the holder in respect of a previously granted award.

**Approval**

The Board has determined that the approval of the Omnibus Incentive Plan is in the best interests of Calfrac and its Shareholders. Accordingly, the Board unanimously recommends that the Shareholders **VOTE FOR** the Shareholders' TSX Omnibus Incentive Plan Resolution.

## SHAREHOLDER RIGHTS PLAN

The objectives of the Shareholder Rights Plan are to ensure, to the extent possible, that all Shareholders are treated equally and fairly in connection with any take-over bid or similar proposal to acquire Common Shares. The Shareholder Rights Plan will provide the Board and the Shareholders with more time to fully consider any unsolicited take-over bid for Calfrac without undue pressure, to allow the Board to pursue, if appropriate, other alternatives to maximize shareholder value and to allow additional time for competing bids to emerge for Shareholders.

Take-over bids may be structured in such a way as to be coercive or discriminatory in effect or may be initiated at a time when it will be difficult for the Board to prepare an adequate response. Such offers may result in Shareholders receiving unequal or unfair treatment, or not realizing the full or maximum value of their investment in Calfrac.

The Shareholder Rights Plan discourages the making of any such offers by creating the potential of significant dilution to any offeror who does so. This potential is created through the issuance to all Shareholders of contingent rights to acquire additional Common Shares at a significant discount to the then prevailing market prices, which could, in certain circumstances, become exercisable by all Shareholders other than an offeror and its associates, affiliates and joint actors.

Effective May 9, 2016, the Canadian Securities Administrators made changes to National Instrument 62-104 – *Take-Over Bids and Issuer Bids* and National Policy 62-203 – *Take-Over Bids and Issuer Bids* which, among other amendments, extended the minimum period a take-over bid must remain open for deposits of securities thereunder, to 105 days (from 35 days), with the ability of the target issuer to voluntarily reduce the period to not less than 35 days. Consistent with such amendments, the Shareholder Rights Plan encourages a potential acquiror to proceed with their bid in accordance with Canadian take-over bid rules, which requires that the bid satisfy certain minimum standards intended to promote fairness or have the approval of the Board, by:

(a) protecting against "creeping bids" (the accumulation of more than 20% of the Common Shares through purchases exempt from Canadian take-over bid rules, such as: (i) purchases from a small group of Shareholders under private agreements at a premium to the market price not available to all Shareholders; (ii) acquiring control through the slow accumulation of Common Shares over a stock exchange without paying a control premium; or (iii) through other transactions outside of Canada not subject to Canadian take-over bid rule), and requiring the bid to be made to all Shareholders, and subject to the grandfathering of persons who could acquire more than 20% of the Common Shares as at the date of the Shareholder Rights Plan, including as a result of the conversion of the New 1.5 Lien Notes; and

(b) preventing a potential acquiror from entering into lock-up agreements with Shareholders prior to launching a take-over bid, except for permitted lock-up agreements as specified in the Shareholder Rights Plan.

By encouraging bids in accordance with Canadian take-over bid rules, the Board wants to allow all Shareholders to benefit from the acquisition of a control position of 20% or more of the Common Shares, and allow the Board to have sufficient time to explore and develop all options for maximizing shareholder value in the event a person tries to acquire a control position in Calfrac. Under the Shareholder Rights Plan, potential acquirors are prevented from accumulating effective control of Calfrac or a blocking position against other bidders except by way of a Permitted Bid (as defined in Appendix "K" to this Circular).

### Approval Requirements

The Shareholders' TSX Shareholder Rights Plan Resolution must be approved by a simple majority of the votes cast by the Shareholders present or represented by proxy at the Shareholders' Meeting.

The Shareholder Rights Plan is subject to acceptance by the TSX and approval by Shareholders. The Board has determined that the Shareholder Rights Plan is in the best interest of Calfrac and its Shareholders. Accordingly, the Board unanimously recommends that the Shareholders **VOTE FOR** the Shareholders Rights Plan Resolution. If the

Shareholder Rights Plan is not approved at the Shareholders' Meeting, the Shareholder Rights Plan will not be adopted.

See "*Calfrac After the Recapitalization Transaction – Principal Shareholders*" and "*Risk Factors*" for additional details regarding ownership of Common Shares and the risks associated therewith.

A summary of the Shareholder Rights Plan is set out in Appendix "K" to this Circular. This summary is qualified in its entirety by the full text of the Shareholder Rights Plan, a copy of which will be made available under Calfrac's profile on SEDAR at www.sedar.com.

## FIRST LIEN CREDIT AGREEMENT AMENDMENT

Subject to the approval of the First Lien Lenders and the Court, Calfrac will seek to amend the First Lien Credit Agreement pursuant to the First Lien Credit Agreement Amendment, which is expected to amend the First Lien Credit Agreement to, among other things: (a) provide relief in respect of the funded debt to EBITDA covenant; (b) reduce the size of the First Lien Credit Facility; (c) permit the New 1.5 Lien Notes under the definition of Permitted Debt under the First Lien Credit Agreement; (d) permit the security interests securing the New 1.5 Lien Notes under the definition of Permitted Encumbrances under the First Lien Credit Agreement; and (e) reflect such other agreed to amendments or waivers as are necessary to permit the Recapitalization Transaction and New 1.5 Lien Notes and to reflect the Company's post-Recapitalization Transaction organization and capital structure and liquidity requirements.

The First Lien Credit Agreement Amendment will be posted when available, subject to applicable redactions, under the Company's profile on SEDAR at www.sedar.com.

## INTERCREDITOR AGREEMENT

On the Effective Date, Calfrac will enter into the New Intercreditor Agreement with Calfrac LP and Calfrac Well Services Corp., as debtors, the New 1.5 Lien Notes Trustee, as trustee and collateral agent for the holders of the New 1.5 Lien Notes, and the First Lien Agent, as agent under the First Lien Credit Agreement. The New Intercreditor Agreement shall govern the rights and priorities in respect of the collateral securing the obligations under the New 1.5 Lien Notes and the obligations under the First Lien Credit Agreement (and related cash management obligations and hedging obligations). The New Intercreditor Agreement shall be in a form substantially similar to the Existing Intercreditor Agreement and shall provide that, among other things: (a) the liens in respect of the First Lien Credit Agreement shall rank senior to the liens in respect of the New 1.5 Lien Notes; (b) subject to certain standstill provisions, if any obligations remain outstanding under the First Lien Credit Agreement, the First Lien Agent will have the sole power to exercise remedies against the collateral; (c) in connection with any enforcement action with respect to the collateral, all proceeds of collateral and all payments or distributions received by any secured party after the commencement of any insolvency or liquidation proceeding shall be applied (i) first, to the discharge of obligations under the First Lien Credit Agreement (and related cash management obligations and hedging obligations) in accordance with the New Intercreditor Agreement; and (ii) second to the New 1.5 Lien Note obligations; and (d) if any obligations remain outstanding under the First Lien Credit Agreement, whether or not any insolvency or liquidation proceeding has been commenced, after 180 days have elapsed from the First Lien Agent's receipt of written notice from the New 1.5 Lien Note Trustee that an Event of Default (under and as defined in the New 1.5 Lien Indenture) has occurred and is continuing and that there has been an acceleration of the New 1.5 Lien Notes, then the New 1.5 Lien Notes Trustee may exercise any rights or remedies with respect to any collateral or institute any action or proceeding with respect to such rights or remedies only so long as the First Lien Agent shall not have commenced and be diligently pursuing the exercise of any of their rights or remedies with respect to the collateral and so long as no insolvency or liquidation proceeding shall have been commenced.

The Existing Intercreditor Agreement has, subject to applicable redactions, been publicly filed on the Company's profile on SEDAR at www.sedar.com. This foregoing summary does not purport to be complete and is qualified in its entirety by reference to the New Intercreditor Agreement, a copy of which will be posted when available, subject to applicable redactions, under the Company's profile on SEDAR at www.sedar.com.

## CERTAIN REGULATORY AND OTHER MATTERS RELATING TO THE RECAPITALIZATION TRANSACTION

### Canadian Securities Law Matters

As a reporting issuer in each of the provinces of Canada, the Company is subject to applicable securities laws of such provinces. The securities commission or similar securities regulatory authority in certain provinces of Canada have adopted MI 61-101, which regulates transactions that raise the potential for conflicts of interest.

If MI 61-101 applies to a proposed transaction of a reporting issuer, then enhanced disclosure in documents sent to security holders, the approval of security holders excluding, among others, "interested parties" (as defined in MI 61-101), and a formal valuation prepared by an independent and qualified valuator, are all mandated (subject to certain exemptions). The protections afforded by MI 61-101 apply to, among other transactions, "related party transactions" (as defined in MI 61-101) which include issuances of securities to "related parties" of the issuer (as defined in MI 61-101).

Pursuant to MI 61-101, the issuance of the New 1.5 Lien Notes to MATCO may be considered a "related party transaction" within the meaning of MI 61-101 as MATCO is a related party of the Company and will receive New 1.5 Lien Notes in connection with the Direct Commitment Private Placement, each as further described in this Circular.

#### *Formal Valuation Exemption*

The Company is relying on the financial hardship exemption from the requirement to obtain a formal valuation in connection with the Direct Commitment Private Placement, pursuant to section 5.5(g) of MI 61-101, based on the following: (a) the Company is in serious financial difficulty; (b) the issuance of the New 1.5 Lien Notes is designed to improve the financial position of the Company; (c) the Company is not bankrupt or insolvent, and section 5.5(f) of MI 61-101 is not otherwise applicable in connection with the Recapitalization Transaction; (d) the Company has one or more independent directors in respect of the Recapitalization Transaction; and (e) the Board, including the independent directors, acting in good faith, have unanimously determined that items (a) and (b) above apply and that the terms of the Direct Commitment Private Placement are reasonable in the circumstances of the Company. In connection with the foregoing, the Independent Directors unanimously made the determinations contemplated by section 5.5(g) of MI 61-101, which determinations were also subsequently unanimously made by the Board. See "*Background to and Reasons for the Recapitalization Transaction – Background to the Recapitalization Transaction*".

#### *Prior Valuation*

During the previous 24 months, no prior valuations have been made in respect of the Company relating to any securities of the Company which would require disclosure in accordance with section 6.8 of MI 61-101.

#### *Prior Offers*

Except as provided herein, during the previous 24 months, the Company has not received any prior formal offers relating to the Common Shares or the Senior Unsecured Notes, or other offers that would require disclosure in accordance with MI 61-101.

#### *Minority Shareholder Approval*

MI 61-101 requires that, in addition to any other required securityholder approval, a related party transaction is subject to "minority approval" (as defined in MI 61-101) of every class of "affected securities" (as defined in MI 61-101) of the issuer. As a result, the Shareholders' Arrangement Resolution will require the affirmative vote of a simple majority of the votes cast by all Shareholders, present in person or represented by proxy at the Shareholders' Meeting, other than with respect to Common Shares beneficially owned, or over which control or direction is exercised, by: (a) the Company; (b) "interested parties" (as defined in MI 61-101); (c) any related party of an interested party; and (d) any person that is a "joint actor" (as defined in MI 61-101) with any Person under (b) or (c) above.

The Common Shares are "affected securities" in connection with the Direct Commitment Private Placement, the Pro Rata Offering and the issuance of the Commitment Consideration Shares, for purposes of MI 61-101.

For such purposes, Common Shares held by Ronald P. Mathison and MATCO (and its affiliates) will be excluded from voting. To the knowledge of the Company, Ronald P. Mathison and MATCO (and its affiliates) collectively hold 28,834,321 Common Shares representing approximately 19.80% of the outstanding Common Shares.

**Issuance and Resale of Securities Received in the Recapitalization Transaction**

***United States***

*Status under U.S. Securities Laws*

At the time of the Recapitalization Transaction, Calfrac is a "foreign private issuer" as defined in Rule 3b-4 under the 1934 Act. Calfrac has received the TSX Conditional Listing Approval for the New Common Shares and the Underlying Shares and listing of such Common Shares will be subject to Calfrac satisfying the conditions of such approval. Calfrac does not currently intend to seek a listing for the New Common Shares or any other securities on a stock exchange in the United States.

*Issuance and Resale of Securities Received under the Arrangement*

**The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to Senior Unsecured Noteholders in the United States in respect of New Common Shares received in the Arrangement. The following discussion does not relate to the New 1.5 Lien Notes, in respect of which readers should see "*Description of the Recapitalization Transaction – Plan of Arrangement – Offering of New 1.5 Lien Notes*". All Senior Unsecured Noteholders are urged to consult with their own legal counsel to ensure that any subsequent resale of securities issued to them in connection with the Arrangement complies with applicable securities legislation.**

The following discussion does not address the Canadian Securities Laws that will apply to the issuance to or the resale by Senior Unsecured Noteholders within Canada of securities of Calfrac. Senior Unsecured Noteholders reselling their securities in Canada must comply with Canadian Securities Laws, as outlined below under "*Canada*".

*Exemption from the registration requirements of the 1933 Act*

The New Common Shares to be issued to Senior Unsecured Noteholders under the Arrangement have not been registered under the 1933 Act and are being issued in reliance on the Section (3)(a)(10) Exemption from registration on the basis of the approval of the Court, which will consider, among other things, the fairness of the Arrangement to the persons affected, and exemptions provided under the securities laws of each state of the United States in which Senior Unsecured Noteholders reside. The Section 3(a)(10) Exemption exempts from registration the distribution of a security that is issued in exchange for outstanding securities where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval. Accordingly, the Final Order will, if granted, constitute a basis for the exemption from the registration requirements of the 1933 Act with respect to the New Common Shares issued in connection with the Recapitalization Transaction.

*Resales of New Common Shares within the United States after the completion of the Arrangement*

Persons who are not affiliates of Calfrac after the Arrangement may resell the New Common Shares that they receive in connection with the Arrangement in the United States without restriction under the 1933 Act. A Person who will be an "affiliate" of Calfrac after the Recapitalization Transaction will be subject to certain restrictions on resale imposed by the 1933 Act. As defined in Rule 144 under the 1933 Act, an "affiliate" of an issuer is a person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the issuer and may include certain officers and directors of such issuer as well as principal shareholders of such issuer.

Persons who are affiliates of Calfrac after the Arrangement may not resell the New Common Shares that they receive in connection with the Arrangement in the absence of registration under the 1933 Act, unless an exemption from registration is available, such as the exemptions contained in Rule 144 or Rule 904 of Regulation S under the 1933 Act.

- *Affiliates Rule 144*. In general, under Rule 144, persons who are affiliates of Calfrac after the Arrangement will be entitled to sell in the United States, during any three (3)-month period, the New Common Shares that they receive in connection with the Arrangement, provided that the number of such securities sold does not exceed the greater of one percent of the then outstanding securities of such class or, if such securities are listed on a United States securities exchange and/or reported through the automated quotation system of a U.S. registered securities association, the average weekly trading volume of such securities during the four calendar week period preceding the date of sale, subject to specified restrictions on manner of sale, requirements, aggregation rules and the availability of current public information about Calfrac. Persons who are affiliates of Calfrac after the Arrangement will continue to be subject to the resale restrictions described in this paragraph for so long as they continue to be affiliates of Calfrac.

- *Affiliates Regulation S*. In general, under Regulation S, persons who are affiliates of Calfrac solely by virtue of their status as an officer or director of Calfrac may sell their New Common Shares received in connection with the Arrangement outside the United States in an "offshore transaction" if neither the seller, an affiliate nor any person acting on its behalf engages in "directed selling efforts" in the United States and provided that no selling commission, fee or other remuneration is paid in connection with such sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent. For purposes of Regulation S, "directed selling efforts" means "any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered". Also, under Regulation S, an "offshore transaction" includes an offer that is not made to a person in the United States where either (a) at the time the buy order is originated, the buyer is outside the United States or the seller reasonably believes that the buyer is outside of the United States; or (b) the transaction is executed in, on or through the facilities of a designated offshore securities market (which would include a sale through the TSX, if applicable). Certain additional restrictions, set forth in Rule 903 of Regulation S, are applicable to a holder of such securities who is an affiliate of Calfrac after the Arrangement other than by virtue of his or her status as an officer or director of Calfrac.

***Canada***

The issuance of: (i) the New Common Shares in respect of the Senior Unsecured Note Exchange pursuant to the Recapitalization Transaction; (ii) the New 1.5 Lien Notes pursuant to the Recapitalization Transaction; and (iii) the issuance of Common Shares upon conversion of the New 1.5 Lien Notes will be exempt from the prospectus and registration requirements under Canadian Securities Laws. As a consequence of these exemptions, certain protections, rights and remedies provided by Canadian Securities Laws, including statutory rights of rescission or damages, will not be available in respect of such new securities to be issued pursuant to the Recapitalization Transaction. The New Common Shares and New 1.5 Lien Notes issued pursuant to the Recapitalization Transaction and any Common Shares issued upon conversion of the New 1.5 Lien Notes will generally be "freely tradeable" under Canadian Securities Laws in force in Canada if the following conditions (as specified in National Instrument 45-102 — Resale of Securities) ("**NI 45-102**") are satisfied: (i) the trade is not a "control distribution" (as defined in NI 45-102); (ii) no unusual effort is made to prepare the market or to create a demand for the shares that are the subject of the trade; (iii) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and (iv) if the selling shareholder is an Insider or officer of the issuer, the selling shareholder has no reasonable grounds to believe that the issuer is in default of securities legislation.

**Stock Exchange Listing**

The Common Shares are listed on the TSX. Calfrac has received the TSX Conditional Listing Approval for the New Common Shares and the Underlying Shares and listing of such Common Shares will be subject to Calfrac satisfying the conditions of such approval.

**Expenses**

The estimated fees, costs and expenses payable by Calfrac in connection with the completion of the Recapitalization Transaction including, without limitation, financial advisory fees, filing fees, legal and accounting fees and printing and mailing costs, and in respect of both the recapitalization of the Senior Unsecured Notes and the New 1.5 Lien Note Offering, are anticipated to be approximately $19 million.

## CALFRAC AFTER THE RECAPITALIZATION TRANSACTION

**Share Capital**

After the Recapitalization Transaction is implemented, the authorized capital of Calfrac will consist of an unlimited number of Common Shares. On the Effective Date and following the implementation of the Plan of Arrangement, approximately 37,529,910 Common Shares will be outstanding.

**Investor Rights Agreement**

Pursuant to the Recapitalization Transaction, Calfrac will enter into the Investor Rights Agreement with all of the Initial Commitment Parties that, as of the Effective Date, continue to hold at least 80% of its respective Commitment Pro Rata Share of Commitments as of the date of the Commitment Letter (or, if applicable, following any adjustment to such Commitment Pro Rata Share in respect of Reallocated Pro Rata Share pursuant to section 10(c) of the Commitment Letter).

The Investor Rights Agreement will include the following material terms:

(a) The Board of Calfrac will be comprised of seven (7) individuals and, for so long as each of G2S2, MATCO and the Ad Hoc Committee own at least 50% of their respective initial New 1.5 Lien Notes, they will each have the right to nominate one director to the Board (such three (3) nominees together, being the "**1.5 Lien Nominee Directors**"). The initial 1.5 Lien Nominee Directors will be appointed concurrently with the completion of the Recapitalization Transaction.

(b) Calfrac will include the 1.5 Lien Nominee Directors in the notice of meeting, the management information circular, and form of proxy relating to the applicable Shareholder meeting as nominees of management, and solicit proxies from the Shareholders in favour of the election of the 1.5 Lien Nominee Directors. If any 1.5 Lien Nominee Director fails to be elected as a director, then such 1.5 Lien Nominee Director will be designated as an observer to the Board.

(c) Quorum for any meeting of the Board or any meeting of the Corporate Governance or the Compensation Committee of the Board will require the attendance of at least two (2) 1.5 Lien Nominee Directors.

(d) Each of the Initial Commitment Parties will covenant to vote all of its Common Shares in favour of the election of the 1.5 Lien Nominee Directors until the close of the annual meeting of Calfrac to be held in 2021, and not to requisition any other Shareholder meeting, or submit any shareholder proposal, in either case relating to the election of directors, on or prior to December 31, 2021.

(e) Calfrac will agree not to issue, sell or exchange any share or equity or debt securities (or securities convertible or exchangeable into equity or debt securities, excluding employee compensation securities under Board approved compensation plans) unless Calfrac has first offered the Initial Commitment Parties the opportunity to subscribe for their pro rata portion, on an as-converted Common Share basis, of such securities.

The full text of the Investor Rights Agreement will be made available under Calfrac's profile on SEDAR at www.sedar.com.

**Registration Rights Agreement**

Pursuant to the Recapitalization Transaction, Calfrac will enter into the Registration Rights Agreement with all of the Initial Commitment Parties that, as of the Effective Date, continue to hold at least 80% of its respective Commitment Pro Rata Share of Commitments as of the date of the Commitment Letter (or, if applicable, following any adjustment to such Commitment Pro Rata Share in respect of Reallocated Pro Rata Share pursuant to section 10(c) of the Commitment Letter).

The Registration Rights Agreement will contain customary demand and piggy back registration rights in connection with the sale of shares of Calfrac in Canada, together with such customary provisions as are typically included in registration rights agreements under similar circumstances.

The full text of the Registration Rights Agreement will be made available under Calfrac's profile on SEDAR at www.sedar.com.

**Principal Shareholders**

To the knowledge of Management of the Company, after giving effect to the Recapitalization Transaction there will be no Persons who beneficially own or exercise control or direction over, directly or indirectly, voting shares of the Company carrying more than ten percent of the voting rights attached to all outstanding Common Shares of the Company, other than as indicated in the table below.

| Name | Common Shares as at the Effective Date upon Completion of the Arrangement[1] | Percentage of Common Shares as at the Effective Date upon Completion of the Arrangement (non-diluted)[5] | Percentage of Common Shares as at the Effective Date upon Completion of the Arrangement (partially-diluted)[6] | Percentage of Common Shares as at the Effective Date upon Completion of the Arrangement (fully-diluted)[7] |
|---|---|---|---|---|
| G2S2 Capital Inc. | 14,300,469[2] (equivalent to 715,023,450 pre-Share Consolidation Common Shares) | 38.1% | 59.4% | 41.2% |
| Ronald P. Mathison | 576,686[3] (equivalent to 28,834,321 pre-Share Consolidation Common Shares) | 1.5% | 19.6% | 10.9% |
| Certain funds and accounts managed by Glendon Capital Management L.P. | 3,128,847[4] (equivalent to 156,442,350 pre-Share Consolidation Common Shares) | 8.3% | 20.4% | 10.7% |
| Certain funds and accounts managed by CI Investments Inc. | 2,228,618[4] (equivalent to 111,430,900 pre-Share Consolidation Common Shares) | 5.9% | 14.3% | 7.1% |

**Notes:**

(1) Assumes that Senior Unsecured Noteholders holding 78.1% of the Senior Unsecured Notes will be considered Early Consenting Noteholders.

(2) Based upon information as represented to Calfrac in the Noteholder Support Agreement (and included any additional debt acquired after the date of the Noteholder Support Agreement). Includes Common Shares held by G2S2 Capital Inc. and Clarke Inc. Master Trust, each of which are controlled by George and Simé Armoyan.

(3) Includes Common Shares held by MATCO Investments Ltd. and 1097594 Alberta Ltd., both entities controlled by Mr. Mathison.

(4) Based upon information as represented to Calfrac in the Noteholder Support Agreement (and included any additional debt acquired after the date of the Noteholder Support Agreement), if applicable.

(5) This percentage is shown on a non-diluted basis based on approximately 37,529,910 post-Share Consolidation Common Shares issued and outstanding immediately following the implementation of the Recapitalization Transaction.

(6) This percentage assumes that Senior Unsecured Noteholders holding 78.1% of the Senior Unsecured Notes will be considered Early Consenting Noteholders and will exercise their full Subscription Privilege under the Pro Rata Offering (with the remaining 21.9% of the Pro Rata Offering to be subscribed for by the Commitment Parties pursuant to their respective Shortfall Commitment), and is calculated on a partially-diluted basis on the assumption that the relevant Person will convert all New 1.5 Lien Notes controlled by it into Common Shares at the Conversion Price immediately following the Effective Date, and that no other Person has converted New 1.5 Lien Notes into Common Shares as at such date.

(7) This percentage assumes that Senior Unsecured Noteholders holding 78.1% of the Senior Unsecured Notes will be considered Early Consenting Noteholders and will exercise their full Subscription Privilege under the Pro Rata Offering (with the remaining 21.9% of the Pro Rata Offering to be subscribed for by the Commitment Parties pursuant to their respective Shortfall Commitment), and is calculated on a fully-diluted basis on the assumption that all holders of New 1.5 Lien Notes will convert all New 1.5 Lien Notes into Common Shares at the Conversion Price immediately following the Effective Date.

It is anticipated that approximately 45,028,142 post-Share Consolidation Common Shares would be issued if all New 1.5 Lien Notes are converted into Common Shares as at immediately following the Effective Date. See Appendix "I" for a summary of the terms of the New 1.5 Lien Notes.

**Dilution**

As at August 17, 2020, the Company had approximately 145,616,827 Common Shares issued and outstanding (or approximately 2,912,336 Common Shares on a post-Share Consolidation basis). Pursuant to the Plan of Arrangement and on a post-Share Consolidation basis, a total of:

(a) approximately 33,491,870 New Common Shares will be issued to Senior Unsecured Noteholders pursuant to the Senior Unsecured Note Exchange, in full and final settlement of the Senior Unsecured Noteholder Claims, representing 1,150.0% of the current issued and outstanding Common Shares, of which approximately 13.8% New Common Shares will be issued to Insiders of the Company;

(b) approximately 1,125,703 New Common Shares, being the Commitment Consideration Shares, will be issued to ArrangeCo, as agent for the Funding Commitment Parties, to be subsequently transferred to the Funding Commitment Parties pursuant to the Plan of Arrangement, representing 38.7% of the current issued and outstanding Common Shares; and

(c) up to 45,028,142 Common Shares are issuable to holders of New 1.5 Lien Notes upon the conversion of the $60 million of New 1.5 Lien Notes as at the Effective Date, with up to a further 15,313,875 issuable to holders of New 1.5 Lien Notes upon the conversion of the New 1.5 Lien Notes as at the maturity date of the New 1.5 Lien Notes due to accrued PIK Interest in respect of the New 1.5 Lien Notes, for a total of up to 60,342,017 Common Shares, representing in the aggregate 2,071.9% of the current issued and outstanding Common Shares, of which 18.7% of such Common Shares are issuable to Insiders of the Company.

## UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

The following unaudited pro forma balance sheet is presented for illustrative purposes only to show the effect of the Recapitalization Transaction on Calfrac's capital structure. It is not necessarily indicative of the operating or financial results that would have occurred had the Recapitalization Transaction occurred on the dates presented in the unaudited pro forma balance sheet shown below, or of the results expected in future periods.

**Calfrac Well Services Ltd.**
**Unaudited Pro Forma Balance Sheet**
**as at June 30, 2020**
**(in thousands of dollars)**

CONSOLIDATED BALANCE SHEET

| | Note | Unaudited as at June 30, 2020 | Adjustment for Recapitalization Transaction | Pro Forma as at June 30, 2020 |
|---|---|---|---|---|
| | | *($)* | *($)* | *($)* |
| **ASSETS** | | | | |
| Current assets | | | | |
| Cash and cash equivalents | | **87,920** | | **87,920** |
| Accounts receivable | | **71,535** | | **71,535** |
| Income taxes recoverable | | **4,632** | | **4,632** |
| Inventories | | **92,568** | | **92,568** |
| Prepaid expenses and deposits | | **22,373** | | **22,373** |
| | | **279,028** | - | **279,028** |
| Non-current assets | | | | |
| Property, plant and equipment | | **707,242** | | **707,242** |
| Right-of-use assets | | **32,548** | | **32,548** |
| Total assets | | **1,018,818** | - | **1,018,818** |
| **LIABILITIES AND EQUITY** | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued liabilities | **5** | **110,132** | **(27,342)** | **82,790** |
| Current portion of lease obligations | | **11,731** | | **11,731** |
| | | **121,863** | **(27,342)** | **94,521** |
| Non-current liabilities | | | | |
| Long-term debt | | | | |
| First lien credit facility | **2** | **170,000** | **(41,000)** | **129,000** |
| Less: unamortized debt issuance costs | | **(1,178)** | | **(1,178)** |
| Second lien senior notes (US$120,000) | | **164,184** | | **164,184** |
| Less: unamortized debt issuance costs | | **(4,760)** | | **(4,760)** |
| Senior unsecured notes (US$431,818) | **3** | **590,813** | **(590,813)** | - |
| Less: unamortized debt issuance costs | **3** | **(8,479)** | **8,479** | - |
| New convertible 1.5 lien notes | **4** | - | **55,127** | **55,127** |
| Less: unamortized debt issuance costs | **4, 6** | - | **(6,699)** | **(6,699)** |
| | | **910,580** | **(574,906)** | **335,674** |
| Lease obligations | | **20,570** | | **20,570** |
| Total liabilities | | **1,053,013** | **(602,248)** | **450,765** |
| Capital stock | **3** | **510,510** | **246,353** | **756,863** |
| Equity portion of new convertible 1.5 lien notes | **4, 6** | - | **5,781** | **5,781** |
| Contributed surplus | | **43,544** | | **43,544** |
| Loan receivable for purchase of common shares | | **(2,500)** | | **(2,500)** |
| Accumulated deficit | **2, 3, 5** | **(585,306)** | **350,114** | **(235,192)** |
| Accumulated other comprehensive income | | **(443)** | | **(443)** |
| Total equity | | **(34,195)** | **602,248** | **568,053** |
| Total liabilities and equity | | **1,018,818** | - | **1,018,818** |

**1. Basis of Presentation**

The unaudited pro forma balance of the Company was derived from the unaudited balance sheet of the Company as at June 30, 2020. The unaudited pro forma balance sheet is intended to represent the financial position of the Company at June 30, 2020 as if the Recapitalization Transaction, including the corporate and capital reorganization and distributions under the Plan of Arrangement as discussed in Note 2, below, had occurred.

Other than the aforementioned transactions, the unaudited pro forma balance sheet does not give effect to transactions occurring after June 30, 2020.

All references to U.S. Dollar equivalents of Canadian Dollar amounts are based on a U.S. Dollar/Canadian Dollar exchange rate of 0.7309 posted by the Bank of Canada as at June 29, 2020.

The Plan of Arrangement is subject to, among other things, approval by the Shareholders, Senior Unsecured Noteholders and the Court. If the Plan of Arrangement is approved, and all the various conditions required to implement the Recapitalization Transaction are met, the events and transactions will be accounted for on the basis of events and circumstances at the Effective Date. The unaudited pro forma balance sheet is based on currently available information and on certain assumptions that Management believes are reasonable under the circumstances. Some assumptions may not materialize and events and circumstances occurring subsequent to June 30, 2020 may be different from those assumed or anticipated, which may materially affect amounts disclosed in the unaudited pro forma balance sheet. Additionally, the unaudited pro forma balance sheet does not purport to represent what the Company's actual financial position will be upon completion of the Recapitalization Transaction or represent the fair value of the Company's assets or liabilities at the actual Effective Date.

**2. The Plan of Arrangement**

At June 30, 2020, the book value of the Company's existing Senior Unsecured Notes was US$431.8 million ($590.8 million) excluding debt issuance costs of $8.5 million. The unaudited pro forma balance sheet reflects the extinguishment of the existing Senior Unsecured Notes on the terms set forth in the Plan of Arrangement. At June 30, 2020, the Company had $170.0 million drawn on its existing bank credit facility excluding debt issuance costs of $1.2 million. The unaudited pro forma balance sheet reflects the repayment of a portion of the existing bank credit facility using the net proceeds from the New 1.5 Lien Notes.

**3. Gain on the Extinguishment of the Senior Unsecured Notes**

Pursuant to the Plan of Arrangement, the Senior Unsecured Notes will be exchanged for New Common Shares to the Senior Unsecured Noteholders.

In the unaudited pro forma balance sheet, the recapitalization of the Senior Unsecured Notes reflects the issuance of Common Shares valued at $259.6 million, net of estimated transaction costs of $13.2 million. Capital stock increased $259.6 million, which is the estimated fair value of shares issued to the Senior Unsecured Noteholders, with the $331.3 million difference between the book value of the Senior Unsecured Notes extinguished and fair value of the Common Shares issued being credited to retained earnings (accumulated deficit) as a gain on settlement of debt. The fair value was estimated by the Company taking into account the closing share price of the Common Shares of $0.155 on August 17, 2020. The actual New Common Shares price used to account for the Recapitalization Transaction will be determined using the share price on the Effective Date.

The retained earnings (accumulated deficit) impact was net of $8.5 million of debt issuance costs derecognized on the extinguishment of the Senior Unsecured Notes.

**4. The New 1.5 Lien Notes**

Pursuant to the Plan of Arrangement, the Company will conduct the New 1.5 Lien Note Offering, in an aggregate principal amount of $60.0 million.

The unaudited pro forma balance sheet reflects the issuance of the $60.0 million New 1.5 Lien Notes, which was separated into its debt and equity components of $55.1 million and $4.9 million, respectively. The total estimated cash transaction costs of the New 1.5 Lien Note Offering was $5.8 million, which was allocated to the debt and equity component as $5.3 million and $0.5 million, respectively. In addition, the $1.5 million commitment fee as disclosed in Note 6 was allocated to the debt and equity component as $1.4 million and $0.1 million, respectively. On initial recognition, the debt component was recorded at fair value and will subsequently be measured at amortized cost.

**5. Accounts Payable and Accrued Liabilities**

In the unaudited pro forma balance sheet, accounts payable and accrued liabilities were reduced by approximately $27.3 million of accrued interest on the Senior Unsecured Notes, which will be extinguished through the recapitalization of the Senior Unsecured Notes as a gain on the settlement of debt.

**6. Commitment Letter**

The New 1.5 Lien Notes will be backstopped by the Commitment Parties, who have each agreed to provide their respective Shortfall Commitment in respect of any Shortfall Amount following the Pro Rata Offering.

The Commitment Parties shall be entitled to an aggregate fee of $1.5 million in respect of their commitment to fund the Shortfall Amount, payable in Commitment Consideration Shares pursuant to the Plan of Arrangement. The transaction costs reflected in the pro forma balance sheet include any fees related to the Commitment Letter.

**7. Transaction Costs**

The estimated fees, costs and expenses payable by the Company in connection with the completion of the Recapitalization Transaction including, without limitation, financial advisory fees, filing fees, legal and accounting fees and printing and mailing costs are anticipated to be approximately $19.0 million. The total transaction costs were allocated to the New Common Shares issued in conjunction with the recapitalization of the Senior Unsecured Notes and the issuance of the New 1.5 Lien Notes as $13.2 million and $5.8 million, respectively.

## PRICE RANGE AND TRADING VOLUME FOR THE EXISTING SHARES

The following table shows the intra-day high and low sale prices of, and trading volumes for, the Common Shares as reported on the TSX for the periods indicated:

| 2019 | High ($) | Low ($) | Volume |
|---|---|---|---|
| June | $2.24 | $1.69 | 8,197,818 |
| July | $2.14 | $1.65 | 4,312,899 |
| August | $1.75 | $1.32 | 7,810,787 |
| September | $1.92 | $1.50 | 4,133,300 |
| October | $1.55 | $1.10 | 4,018,397 |
| November | $1.30 | $0.81 | 3,944,783 |
| December | $1.30 | $0.78 | 6,509,370 |
| **2020** | **High ($)** | **Low ($)** | **Volume** |
| January | $1.27 | $0.93 | 2,518,339 |
| February | $1.06 | $0.62 | 1,560,263 |
| March | $0.81 | $0.13 | 8,841,399 |

| 2020 | High ($) | Low ($) | Volume |
|---|---|---|---|
| April | $0.33 | $0.20 | 5,435,371 |
| May | $0.25 | $0.17 | 7,948,377 |
| June | $0.48 | $0.16 | 56,362,608 |
| July | $0.19 | $0.10 | 19,070,020 |

## LEGAL PROCEEDINGS

There are no material legal proceedings against the Company, except as set forth in note 18 to the Company's unaudited interim consolidated financial statements of the Company, and related notes for the three (3) and six (6) months ended June 30, 2020 and 2019.

## INCOME TAX CONSIDERATIONS

The following summaries are of a general nature only and are not intended to be, nor should they be construed to be, legal or tax advice to any particular Securityholder. Consequently, Securityholders are urged to consult their tax advisors for advice as to the tax considerations in respect of the Recapitalization Transaction having regard to their particular circumstances.

### Certain Canadian Federal Income Tax Considerations

In the opinion of Bennett Jones LLP, counsel to the Company, the following summary describes the principal Canadian federal income tax considerations arising in connection with the Recapitalization Transaction generally applicable to Senior Unsecured Noteholders and Shareholders who, at all relevant times, for purposes of the Tax Act: (a) deal at arm's length with and are not affiliated with the Company; (b) hold any Existing Shares and/or Senior Unsecured Notes as capital property; and (c) will hold any New Common Shares or New 1.5 Lien Notes as capital property ("**Holders**", and each a "**Holder**"). Generally, the Existing Shares, Senior Unsecured Notes, New 1.5 Lien Notes and New Common Shares will be capital property to a Holder provided that the Holder does not acquire or hold such Existing Shares, Senior Unsecured Notes, New 1.5 Lien Notes and/or New Common Shares, as the case may be, in the course of carrying on a business of buying and selling securities or in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (a) that is a "financial institution" (as defined in the Tax Act for purposes of certain rules referred to as the mark-to-market rules), (b) that is a "specified financial institution" (as defined in the Tax Act), (c) an interest in which is a "tax shelter investment" (as defined in the Tax Act), (d) that has elected to report its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency, (e) that has or will enter into a "synthetic disposition arrangement" or "derivative forward agreement" (as defined in the Tax Act) in respect of the Existing Shares, Senior Unsecured Notes, New 1.5 Lien Notes or New Common Shares, or (f) who did not acquire their Existing Shares pursuant to an incentive plan or any other employee stock option award or incentive award granted by the Company. Additional considerations, not discussed herein, may be applicable to a Holder that, or that does not deal at arm's length for purposes of Tax Act with a corporation resident in Canada that, is or becomes, as part of a series of transactions or events that includes the acquisition of Common Shares or New 1.5 Lien Notes, controlled by a non-resident corporation for the purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"), counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") published in writing by it prior to the date hereof, the information contained in this Circular and an officer's certificate from the Company as to certain factual matters. This summary assumes that all Proposed Amendments will be enacted in the form proposed but no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice, whether by legislative, administrative or judicial action or decision,

nor does it take into account other federal tax legislation or considerations or those of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

For the purposes of the Tax Act, amounts relating to or in respect of Existing Shares, Senior Unsecured Notes, New 1.5 Lien Notes or New Common Shares, including the adjusted cost base thereof and any proceeds of disposition, must be reported in Canadian Dollars. Any amount denominated in U.S. Dollars must be converted into Canadian Dollars, generally at the exchange rate quoted by the Bank of Canada as its noon rate on the date the amount first arose.

This summary does not address the consequences of the receipt of Commitment Consideration Shares. Holders who receive Commitment Consideration Shares are urged to consult their own tax advisors.

This summary does not address tax considerations applicable to holders of Options, DSUs, or performance share units, including equity-based performance share units, with respect to the Arrangement or under the Stock Option Plan. Any such holders should consult their own tax advisors to determine the particular Canadian federal income tax consequences to them of the Arrangement.

**This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, Holders should consult their own tax advisors having regard to their own particular circumstances.**

***Stated Capital Reduction***

Generally, there will be no immediate Canadian income tax consequences under the Tax Act to any Shareholder as a consequence of the Stated Capital Reduction, nor will the Stated Capital Reduction affect a Shareholder's adjusted cost base of the Common Shares for purposes of the Tax Act. However, the Stated Capital Reduction will result in the reduction of paid-up capital (as defined in the Tax Act) ("**PUC**") of the Common Shares by an amount equal to the Stated Capital Reduction. PUC is generally the aggregate of all amounts received by a corporation upon the issuance of its shares (by class), adjusted in certain circumstances in accordance with the Tax Act.

The Stated Capital Reduction may have an effect in the future, in certain circumstances, including if the Company makes a distribution to Shareholders or is wound-up, or if the Company repurchases any Common Shares. Generally, upon such transactions, the Shareholder will be deemed to have received a dividend to the extent that the amount paid or distributed by the Company exceeds the PUC of the Common Shares. The Stated Capital Reduction will reduce the amount of PUC available in the future to make such distributions in respect of the Common Shares or on the redemption, acquisition or cancellation of the Common Shares.

***Share Consolidation***

The Share Consolidation will not result in a disposition of Common Shares for purposes of the Tax Act and the Holder will not a realize a capital gain or a capital loss upon consolidation of their Existing Shares. The aggregate adjusted cost base of the New Common Shares received by the Holder on the Share Consolidation will be equal to the aggregate adjusted cost base of the Existing Shares held by such Non-Resident Holder immediately prior to the Share Consolidation.

**Holders Resident in Canada**

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is or is deemed to be a resident of Canada (a "**Resident Holder**"). Certain Resident Holders for whom Existing Shares, Senior Unsecured Notes, New 1.5 Lien Notes and/or New Common Shares would not otherwise qualify as capital property may, in certain circumstances, be entitled to have these securities and every other "Canadian security" (as defined in the Tax Act) owned by such Resident Holder treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Resident Holders whose Existing Shares, Senior Unsecured Notes, New 1.5 Lien Notes or New Common Shares might not otherwise be considered to be capital property should

consult their own tax advisors concerning this election. This portion of the summary is not applicable to a Resident Holder that is exempt from tax under Part I of the Tax Act.

***Continuance of the Company***

As part of the Recapitalization Transaction, the Company will continue from the ABCA to the CBCA. This Continuance will not give rise to a disposition of Existing Shares or Senior Unsecured Notes for purposes of the Tax Act and no tax will be payable by a Resident Holder on the Continuance.

***Continuance Dissent Rights***

A Resident Holder of Existing Shares that exercises its Continuance Dissent Right (a "**Dissenting Resident Holder**") will be deemed to have transferred such Dissenting Resident Holder's Common Shares to the Company, and will be entitled to receive a payment from the Company equal to the fair value of the Dissenting Resident Holder's Common Shares.

A Dissenting Resident Holder will generally be deemed to have received a taxable dividend from the Company in the taxation year of payment equal to the amount, if any, by which the payment received by the Dissenting Resident Holder from the Company for the Common Shares (other than any amount in respect of interest awarded by the Court) exceeds the PUC of such Common Shares as computed for the purposes of the Tax Act determined immediately before the Arrangement. The Canadian federal income tax treatment of any such deemed dividend is discussed below under "*Dividends on New Common Shares*".

A Dissenting Resident Holder will also generally be considered to have disposed of its Common Shares for proceeds of disposition equal to the amount received by the Dissenting Resident Holder less the amount of any deemed dividend referred to above and any interest awarded by a Court. As a result, Dissenting Resident Holders will also generally realize a capital gain (or a capital loss) to the extent such proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Common Shares to the Dissenting Resident Holder and any reasonable costs of disposition. The Canadian federal income tax treatment of capital gains and capital losses is discussed below under "*Taxation of Capital Gains and Capital Losses*".

Any interest awarded by a Court to a Dissenting Resident Holder will be included in such Dissenting Resident Holder's income for the purposes of the Tax Act.

***Exchange of Senior Unsecured Notes for New Common Shares***

Any Resident Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will generally be required to include in its income for a taxation year the amount of interest accrued or deemed to accrue on the Senior Unsecured Notes up to the Effective Date or that becomes receivable or was received by it on or before the Effective Date (except to the extent that such interest was otherwise included in computing income for the year or a preceding year). Any other Resident Holder (including an individual other than certain trusts) will be required to include in income for a taxation year any interest on the Senior Unsecured Notes received or receivable by such Resident Holder in the year (depending upon the method regularly followed by the Resident Holder in computing income) except to the extent that such interest was otherwise included in its income for the year or a preceding year. Where a Resident Holder is required to include an amount in income on account of interest on the Senior Unsecured Notes that accrues in respect of the period prior to the date of acquisition by such Resident Holder, the Resident Holder should be entitled to a deduction of an equivalent amount in computing income. Where a Resident Holder is required to include an amount in income on account of interest on the Senior Unsecured Notes, the Resident Holder should be entitled to a deduction of an equivalent amount in computing income to the extent that such amount is forgiven for no consideration as part of the Recapitalization Transaction.

In general terms, a Resident Holder will realize a capital gain (or capital loss) on the disposition of its Senior Unsecured Notes equal to the amount by which the Resident Holder's proceeds of disposition, less any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of its Senior Unsecured Notes. A Resident Holder's proceeds of disposition of its Senior Unsecured Notes upon the exchange for New Common Shares

will be an amount equal to the fair market value (at the time of the exchange) of the New Common Shares received by the Resident Holder on the exchange, less the fair market value of the New Common Shares, if any, received in respect of the payment of interest. The income tax treatment of capital gains (and capital losses) is generally described below under "*Taxation of Capital Gains and Capital Losses*".

The cost to a Resident Holder of New Common Shares acquired on the exchange of Senior Unsecured Notes will generally equal the fair market value of the New Common Shares received and the adjusted cost base to a Resident Holder of New Common Shares at any time will be determined by averaging the cost of such New Common Shares with the adjusted cost base of any other Common Shares (including other New Common Shares) owned by the Resident Holder as capital property at the time.

***Dividends on New Common Shares***

Dividends received or deemed to be received by a Resident Holder on New Common Shares will be included in computing such Resident Holder's income for the taxation year in which the dividends are received.

Dividends received or deemed to be received on New Common Shares by a Resident Holder who is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividends validly designated by the Company as "eligible dividends" in accordance with the provisions of the Tax Act. There can be no assurance that any dividend paid or deemed to be paid by the Company will be designated as an "eligible dividend".

In the case of a Resident Holder that is a corporation, dividends received or deemed to be received on New Common Shares will generally be deductible in computing such Resident Holder's taxable income. A Resident Holder that is a "private corporation" or "subject corporation", as defined in the Tax Act, will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on New Common Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income.

In certain circumstances, a taxable dividend received or deemed to be received by a Resident Holder that is a corporation will be taxable as proceeds of disposition or a capital gain, rather than as a taxable dividend. Resident Holders that are corporations are advised to consult with their tax advisors.

***Disposition of New Common Shares***

On the disposition or deemed disposition of a New Common Share (other than to the Company, unless purchased by the Company in the open market in the manner in which shares are normally purchased by any member of the public in the open market), a Resident Holder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the New Common Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the New Common Share to the Resident Holder. The Canadian federal income tax treatment of capital gains and capital losses is discussed below under "*Taxation of Capital Gains and Capital Losses*".

***Interest on New 1.5 Lien Notes***

A Resident Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will generally be required to include in its income for a taxation year the amount of interest accrued or deemed to accrue on the New 1.5 Lien Notes or that became receivable or was received by it before the end of the year, including interest deferred and paid-in kind (except to the extent that such interest was otherwise included in computing income for the year or a preceding year).

Any other Resident Holder (including an individual, other than certain trusts) will be required to include in income for a taxation year any interest on the New 1.5 Lien Notes received or receivable by such Resident Holder in the year, including interest deferred and paid-in kind (depending upon the method regularly followed by the Resident Holder in computing income) except to the extent that such interest was otherwise included in its income for the year or a

preceding year. Such other Resident Holders will also be required to include in income for a taxation year any interest that accrues on the New 1.5 Lien Notes up to any "anniversary day" (as defined in the Tax Act) of the New 1.5 Lien Notes in the year except to the extent that such interest was otherwise included in such Resident Holders' income for the year or a preceding year.

***Conversion of New 1.5 Lien Notes into Common Shares***

Generally, a Resident Holder that converts a New 1.5 Lien Note into Common Shares pursuant to its right of conversion under the terms of the New 1.5 Lien Note and only receives Common Shares upon such conversion (other than cash delivered in lieu of a fraction of a Common Share) will be deemed not to have disposed of the New 1.5 Lien Note and, accordingly, will not be considered to realize a capital gain (or capital loss) upon such conversion. Under the current administrative practice of the CRA, a Resident Holder who, upon conversion of a New 1.5 Lien Note, receives cash not in excess of $200 in lieu of a fraction of a Common Share may either treat this amount as proceeds of disposition of a portion of the New 1.5 Lien Note, thereby realizing a capital gain (or capital loss), or reduce the adjusted cost base of the Common Shares that the Resident Holder receives upon conversion by the amount of cash received.

Upon conversion of a New 1.5 Lien Note, interest accrued thereon, to the extent not otherwise previously included in income for the year or a preceding year, will be included in computing the income of the Resident Holder as described above under "*Interest on New 1.5 Lien Notes*".

The aggregate cost to a Resident Holder of the Common Shares acquired upon exercise of such holder's right to convert a New 1.5 Lien Note will generally be equal to the aggregate of the adjusted cost base to the Resident Holder of the New 1.5 Lien Note immediately before the conversion, minus any reduction of adjusted cost base for fractional shares as discussed above. The adjusted cost base of a New 1.5 Lien Note will generally include any interest paid-in kind which the Resident Holder has included in the computation of the holder's income. The adjusted cost base to a Resident Holder of Common Shares acquired at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Resident Holder as capital property immediately before that time.

***Dispositions of New 1.5 Lien Notes***

On a disposition or deemed disposition of New 1.5 Lien Notes (including on redemption, repurchase for cancellation or repayment on maturity, but not including by conversion of a New 1.5 Lien Note into Common Shares as described above), a Resident Holder will generally be required to include in computing income for the taxation year in which the disposition occurs the amount of any interest accrued or deemed to accrue to the date of such disposition or deemed disposition, or that becomes receivable or is received on or before the date of disposition, except to the extent that such interest has already been included in computing the Resident Holder's income for the year or a preceding year.

Where the Resident Holder has disposed of the New 1.5 Lien Notes for consideration equal to its fair market value, the Resident Holder may be entitled to a deduction to the extent that the aggregate amount of interest included in computing the Resident Holder's income for the year of disposition or a previous year, exceeds amounts received or receivable in respect of such interest. Resident Holders are advised to consult with a tax advisor in these circumstances.

In general terms, a disposition or deemed disposition of New 1.5 Lien Notes will result in a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any amount included in the Resident Holder's income as interest and any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the New 1.5 Lien Notes immediately before the disposition. The income tax treatment of any such capital gain (or capital loss) is described below under "*Taxation of Capital Gains and Capital Losses*".

***Taxation of Capital Gains and Capital Losses***

Generally, one-half of any capital gain (a "**taxable capital gain**") realized or deemed to be realized by a Resident Holder in a taxation year must be included in the Resident Holder's income for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses for a taxation year in excess of

taxable capital gains for that year generally may be carried back and deducted in any of the three (3) preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

If the Resident Holder is a corporation, the amount of any capital loss realized on the disposition or deemed disposition of a share by the Resident Holder may be reduced by the amount of dividends received or deemed to have been received by the Resident Holder on such share to the extent and in the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns shares, directly or indirectly, through a partnership or trust. Resident Holders to which these rules may be relevant should consult their own tax advisors.

***Additional Refundable Tax***

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a tax, a portion of which may be refundable, on certain investment income including amounts in respect of interest income and taxable capital gains.

***Alternative Minimum Tax***

A Resident Holder that is an individual (other than certain trusts) may be subject to alternative minimum tax under the Tax Act if the Resident Holder realizes capital gains or receives dividends on Common Shares.

***Eligibility for Investment***

The Common Shares (including Common Shares issued on the conversion of the New 1.5 Lien Notes) and New 1.5 Lien Notes will be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), deferred profit sharing plan (other than a plan where the Company or a non-arm's length person within the meaning of the Tax Act in relation to the Company is an employer and makes payments to such plan), registered disability savings plan ("**RDSP**"), registered education savings plan ("**RESP**") and tax-free savings account ("**TFSA**", each of RRSP, RRIF, RDSP, RESP and TFSA, a "**Plan**"), provided that, at the relevant time, the Common Shares are listed on a "designated stock exchange" within the meaning of the Tax Act (which includes the TSX).

Notwithstanding that the Common Shares and/or New 1.5 Lien Notes, as the case may be, may be a qualified investment for a trust governed by a RRSP, RRIF, RDSP, RESP or TFSA, the holder or subscriber of or annuitant under such plan will be subject to a penalty tax if such Common Shares and/or New 1.5 Lien Notes are a "prohibited investment" under the Tax Act for such RRSP, RRIF, RDSP, RESP or TFSA. The Common Shares and/or New 1.5 Lien Notes will generally not be a "prohibited investment" for a RRSP, RRIF, RDSP, RESP or TFSA unless the holder or subscriber of or annuitant under such plan has a "significant interest" (as defined in the Tax Act) in the Company. In addition, the Common Shares and/or New 1.5 Lien Notes will generally not be a "prohibited investment" if they are "excluded property" as defined in the Tax Act. Resident Holders who intend to hold Common Shares and/or New 1.5 Lien Notes in a RRSP, RRIF, RDSP, RESP or TFSA should consult their own tax advisors regarding their particular circumstances.

**Holders Not Resident in Canada**

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, (i) is not, and is not deemed to be, resident in Canada, (ii) does not use or hold (and is not deemed to use or hold) Existing Shares and/or Senior Unsecured Notes, and will not use or hold New Common Shares and/or the New 1.5 Lien Notes, in a business carried on in Canada, and (iii) is not an insurer that carries on an insurance business in Canada and elsewhere or an authorized foreign bank that carries on a Canadian banking business (a "**Non-Resident Holder**").

The following discussion is not applicable to a Non-Resident Holder that is a "specified shareholder" (as defined in subsection 18(5) the Tax Act) of the Company or that does not deal at arm's length for purposes of the Tax Act with

a "specified shareholder" of the Company. Generally, for this purpose, a "specified shareholder" of a corporation is a shareholder that owns or is deemed to own, either alone or together with persons with which the shareholder does not deal at arm's length for purposes of the Tax Act, shares of the capital stock of the corporation that either: (i) give such holders 25% or more of the votes that could be cast at an annual meeting of the shareholders; or (ii) have a fair market value of 25% or more of the fair market value of all of the issued and outstanding shares of the corporation's capital stock. Such Non-Resident Holders should consult their own tax advisors.

***Continuance of the Company***

As part of the Recapitalization Transaction, the Company will continue from the ABCA to the CBCA. This Continuance will not give rise to a disposition of Existing Shares or Senior Unsecured Notes for purposes of the Tax Act and no tax will be payable by a Non-Resident Holder on the Continuance.

***Continuance Dissent Rights***

A Non-Resident Holder of Existing Shares that exercises its Continuance Dissent Right (a "**Dissenting Non-Resident Holder**") will be deemed to have transferred such Dissenting Non-Resident Holder's Existing Shares to the Company, and will be entitled to receive a payment from the Company of an amount equal to the fair value of the Dissenting Non-Resident Holder's Existing Shares. A Dissenting Non-Resident Holder will realize a dividend and a capital gain or loss in the same manner discussed above under the heading "*Holders Resident in Canada – Continuance Dissent Rights*".

In general terms, the Dissenting Non-Resident Holder will be subject to Canadian withholding tax equal to 25%, or such lower rate as may be available under an applicable income tax treaty or convention between Canada and country in which the Non-Resident Holder is resident, if any, of the gross amount of the dividend. Where the Non-Resident Holder is a resident of the United States for the purposes of, and who is entitled to benefits under, the *Canada-United States Income Tax Convention, (1980)* and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15%.

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain and will not be able to deduct the allowable portion of any capital loss realized by such Non-Resident Holder on the disposition of its Existing Shares, unless the Non-Resident Holder's Existing Shares constitute "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Holder at the time of the disposition, and relief from taxation is not available under an applicable income tax treaty or convention between Canada and a country in which the Non- Resident Holder is resident. The Existing Shares will generally not constitute taxable Canadian property to a Non-Resident Holder. See the section below entitled "*Taxable Canadian Property*".
A Dissenting Non-Resident Holder will generally not be subject to Canadian withholding tax on any amount of interest that is awarded by the Court.

Non-Resident Holders who are considering exercising their Continuance Dissent Rights should consult their own tax advisors.

***Exchange of Senior Unsecured Notes for New Common Shares***

A Non-Resident Holder of Senior Unsecured Notes will be considered to have disposed of its Senior Unsecured Notes on the Effective Date in consideration for its share of New Common Shares.

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain and will not be able to deduct the allowable portion of any capital loss realized by such Non-Resident Holder on the disposition of its Senior Unsecured Notes, unless the Non-Resident Holder's Senior Unsecured Notes constitute "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Holder at the time of the disposition, and relief from taxation is not available under an applicable income tax treaty or convention between Canada and a country in which the Non-Resident Holder is resident. The Senior Unsecured Notes will generally not constitute "taxable Canadian property" to a Non-Resident Holder.

A Non-Resident Holder will not be subject to Canadian income or withholding tax under the Tax Act in respect of any accrued and unpaid interest that is paid in respect of the Senior Unsecured Notes.

A Non-Resident Holder will be considered to have acquired any New Common Shares at a cost equal to the fair market value of such New Common Shares at the time of the exchange. The adjusted cost base to a Non-Resident Holder of Common Shares at a particular time will generally be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares held by such Non-Resident Holder as capital property at that time.

***Dividends on New Common Shares***

Dividends paid or credited, or deemed to be paid or credited, on New Common Shares to a Non-Resident Holder will generally be subject to Canadian withholding tax at the rate of 25%, unless the rate is reduced under the provisions of an income tax treaty or convention between Canada and the country where the Non-Resident Holder is resident. Where the Non-Resident Holder is a resident of the United States for the purposes of, and who is entitled to benefits under, the *Canada-United States Income Tax Convention, (1980)* and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15%.

***Interest on New 1.5 Lien Notes***

A Non-Resident Holder will generally not be subject to Canadian withholding tax in respect of amounts paid or credited or deemed to have been paid or credited by the Company as, on account or in lieu of, or in satisfaction of, interest or principal on the New 1.5 Lien Notes unless such interest is "participating debt interest". See "*Risk Factors – Risks Related to the New 1.5 Lien Notes – Withholding Tax and Participating Debt Interest*".

***Conversion of New 1.5 Lien Notes into Common Shares***

Generally, a Non-Resident Holder that converts a New 1.5 Lien Note into Common Shares pursuant to its right of conversion under the terms of the New 1.5 Lien Note and only receives Common Shares on such conversion (other than cash delivered in lieu of a fraction of a Common Share), will be deemed not to have disposed of the New 1.5 Lien Note and, accordingly, will not be considered to realize a capital gain (or capital loss) upon such conversion.

Upon the conversion of a New 1.5 Lien Note into Common Shares, any payment representing interest accrued to the date of conversion should not be subject to Canadian income or withholding tax under the Tax Act. In the event that a New 1.5 Lien Note is converted into Common Shares for an amount which exceeds the issue price thereof, all or a portion of the excess should not be subject to Canadian withholding tax. See *"Risk Factors – Risks Related to the New 1.5 Lien Notes – Withholding Tax and Participating Debt Interest".*

***Dispositions of Common Shares and New 1.5 Lien Notes***

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition or deemed disposition of a Common Share or New 1.5 Lien Note, as the case may be, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Non-Resident Holder's Common Share or New 1.5 Lien Note is, or is deemed to be, "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable tax treaty between Canada and the country of residence of the Non-Resident Holder.

Provided the Common Shares are listed on a "designated stock exchange" (which currently includes the TSX) at the time of disposition, the Common Shares and New 1.5 Lien Notes generally will not constitute "taxable Canadian property" of a Non-Resident Holder, unless, at any time during the 60-month period preceding the disposition, (a) the Non-Resident Holder, persons not dealing at arm's length with such Non-Resident Holder, partnerships in which the Non-Resident Holder or any such non-arm's length person holds an interest directly or indirectly through one or more partnerships, or any combination of the Non-Resident Holder and all such persons and partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of the Company, and (b) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (i) real or immovable property situated in Canada, (ii) "Canadian resource properties" (as such term is defined in the Tax Act), (iii) "timber resource properties" (as such term is defined in the Tax Act), and (iv) options in respect of, or interests in

or rights in property described in (i) to (iii) (collectively, "**Canadian Real Property**"). Counsel has been advised by the Company that the Common Shares should not derive more than 50% of their value from Canadian Real Property at any time during the 60 month period preceding the Effective Date. **Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Common Shares which are not otherwise taxable Canadian property could be deemed to be taxable Canadian property. Non-Resident Holders whose Common Shares or New 1.5 Lien Notes may constitute "taxable Canadian property" to them should consult their own tax advisors regarding their particular circumstances.**

In certain circumstances, the assignment or transfer of a New 1.5 Lien Note to a person resident or deemed to be resident in Canada for purposes of the Tax Act may give rise to a deemed payment of interest under the Tax Act. See "*Risk Factors – Risks Related to the New 1.5 Lien Notes – Withholding Tax and Participating Debt Interest*".

**Certain United States Federal Income Tax Considerations**

The following discussion summarizes certain U.S. federal income tax consequences relevant to holders of Senior Unsecured Noteholder Claims expected to result from the consummation of the Arrangement. This discussion is only for general information purposes and only describes certain select expected tax consequences of the Senior Unsecured Notes Exchange to Calfrac LP and the Company. To the extent that this discussion describes U.S. federal income tax consequences of acquisition, ownership, conversion and disposition of the New 1.5 Lien Notes, this discussion only addresses holders of Senior Unsecured Noteholder Claims that exercised their Subscription Privilege to acquire such New 1.5 Lien Notes in the Pro Rata Offering for cash at their issue price. It is not a complete analysis of all U.S. potential federal income tax consequences and does not address any tax consequences arising under any state, local or foreign tax laws or federal estate or gift tax laws. This discussion is based on the Internal Revenue Code of 1986, as amended (the "**IRC**"), Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "**IRS**"), all as in effect on the date of this Circular. These authorities may change, possibly retroactively, resulting in U.S. federal income tax consequences different from those discussed below. No ruling has been or will be sought from the IRS, and no legal opinion of counsel will be rendered, with respect to the matters discussed below. There can be no assurance that the IRS will not take a contrary position regarding the U.S. federal income tax consequences resulting from the consummation of the Arrangement or that any contrary position would not be sustained by a court.

This discussion assumes that holders of Senior Unsecured Noteholder Claims have held such property as "capital assets" within the meaning of IRC Section 1221 (generally, property held for investment) and will hold the post-Share Consolidation Common Shares and any New 1.5 Lien Notes as capital assets.

This discussion does not address all U.S. federal income tax considerations that may be relevant to a particular holder in light of that holder's particular circumstances, including the impact of the tax on net investment income imposed by IRC Section 1411 and the effects of IRC Section 451(b) conforming the timing of certain income accruals to financial statements. In addition, it does not address considerations relevant to holders subject to special rules under the U.S. federal income tax laws, such as financial institutions, insurance companies, brokers, dealers or traders in securities, commodities or currencies, tax-exempt organizations, tax-qualified retirement plans, partnerships and other pass-through entities, holders subject to the alternative minimum tax, holders holding their Senior Unsecured Noteholder Claims, post-Share Consolidation Common Shares or New 1.5 Lien Notes as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment and U.S. Holders (as defined below) who have a functional currency other than the U.S. Dollar. This discussion also does not address the treatment of Shareholders, Second Lien Noteholders or First Lien Lenders. Additionally, this discussion does not address any consideration being received other than in a person's capacity as a holder of a Senior Unsecured Noteholder Claim. This summary also does not discuss the treatment of the receipt of Commitment Consideration Shares and equity awards pursuant to the Omnibus Incentive Plan. Shareholders and Senior Unsecured Noteholders should consult their tax advisors regarding the U.S. federal income tax consequences to them of the consummation of the Arrangement.

**HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF THE CONSUMMATION OF THE ARRANGEMENT AND THE OWNERSHIP AND DISPOSITION OF POST-CONSOLIDATION COMMON STOCK AND NEW 1.5 LIEN NOTES RECEIVED PURSUANT TO THE PLAN, AS WELL AS ANY TAX CONSEQUENCES ARISING**

**UNDER ANY STATE, LOCAL OR FOREIGN TAX LAWS, OR ANY OTHER FEDERAL TAX LAWS. THE COMPANY AND ITS SUBSIDIARIES SHALL NOT BE LIABLE TO ANY PERSON WITH RESPECT TO THE TAX LIABILITY OF A HOLDER OR ITS AFFILIATES.**

***Federal Income Tax Consequences to Calfrac LP and the Company***

Calfrac LP is characterized as a partnership for U.S. federal income tax purposes. While Calfrac LP is expected to realize cancellation of debt income, Calfrac LP is not expected to incur any U.S. federal income tax liability as a result of the implementation of the Plan of Arrangement. However, the Company, as an owner of Calfrac LP, may have U.S. federal income tax liability as a result of such cancellation of debt income. Senior Unsecured Noteholders should consult their tax advisors regarding the potential U.S. federal income tax liability of the Company.

***Federal Income Tax Treatment of the Share Consolidation***

The Share Consolidation is expected to constitute a "recapitalization" for U.S. federal income tax purposes, which is not expected to result in U.S. federal income tax consequences relevant to holders of Senior Unsecured Noteholder Claims.

***Federal Income Tax Consequences to Holders of Senior Unsecured Noteholder Claims***

THE TAX CONSEQUENCES DESCRIBED BELOW RELATING TO THE OWNERSHIP AND DISPOSITION OF THE POST-SHARE CONSOLIDATION COMMON SHARES RECEIVED IN THE SENIOR UNSECURED NOTE EXCHANGE OR THE NEW 1.5 LIEN NOTES ISSUED IN THE EXERCISE OF THE SUBSCRIPTION PRIVILEGE PURSUANT TO THE PLAN OF ARRANGEMENT ARE BASED ON PRELIMINARY INFORMATION AND GENERAL EXPECTATIONS AS TO TERMS THAT HAVE YET TO BE REFLECTED IN OPERATIVE DOCUMENTS AND THUS NO ASSURANCES CAN BE PROVIDED THAT THE ACTUAL TAX CONSEQUENCES OF OWNING AND DISPOSING OF THE POST-SHARE CONSOLIDATION COMMON SHARES AND THE NEW 1.5 LIEN NOTES WILL NOT DIFFER MATERIALLY FROM THOSE SET FORTH BELOW.

***Definition of U.S. Holder and Non-U.S. Holder***

A "U.S. Holder" is a beneficial owner of the Senior Unsecured Noteholder Claims, the post-Share Consolidation Common Shares received in the Senior Unsecured Note Exchange or the New 1.5 Lien Notes issued to a Senior Unsecured Noteholder in the exercise of the Subscription Privilege that, for U.S. federal income tax purposes, is or is treated as:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of IRC Section 7701(a)(30)), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

A "Non-U.S. Holder" means a beneficial owner of the Senior Unsecured Noteholder Claims that is not a U.S. Holder and is, for U.S. federal income tax purposes, an individual, corporation (or other entity classified as a corporation for U.S. federal income tax purposes), estate or trust.

If a partnership or other entity or arrangement classified as a partnership for U.S. federal income tax purposes holds the Senior Unsecured Noteholder Claims, the post-Share Consolidation Common Shares or the New 1.5 Lien Notes, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities

of the partnership. Beneficial owners of the Senior Unsecured Noteholder Claims, the post-Share Consolidation Common Shares or the New 1.5 Lien Notes who are partners in a partnership holding any of such property should consult their tax advisors.

***U.S. Holders of Senior Unsecured Noteholder Claims***

*Exchange of Senior Unsecured Noteholder Claims for post-Share Consolidation Common Shares*

The Senior Unsecured Note Exchange will be a taxable transaction for U.S. federal income tax purposes and generally will result in each U.S. Holder of the Senior Unsecured Noteholder Claims recognizing gain or loss in the Senior Unsecured Note Exchange (see discussion below under "*—Recognition of Gain or Loss*").

*Recognition of Gain or Loss.* Subject to the discussion of the post-Share Consolidation Common Shares received by Early Consenting Noteholders as Early Consent Shares and of the possible treatment of the Subscription Privilege as distinct consideration received in the Senior Unsecured Note Exchange (see below under "*—Early Consent Shares*" and "*—Alternative Treatment of Subscription Privilege*"), a U.S. Holder is expected to recognize gain or loss equal to the difference between (i) the fair market value of the post-Share Consolidation Common Shares received by the U.S. Holder in the Senior Unsecured Note Exchange (other than the consideration allocable to accrued but unpaid interest on the Senior Unsecured Notes, discussed below under "*—Accrued but Untaxed Interest*") and (ii) the U.S. Holder's adjusted tax basis in the Senior Unsecured Notes surrendered.

A U.S. Holder's adjusted tax basis in each Senior Unsecured Note generally will equal the U.S. Holder's initial cost of the Senior Unsecured Note, increased by any market discount previously included in income by the U.S. Holder, and decreased by the amount of any amortizable bond premium previously amortized by the U.S. Holder.

A U.S. Holder's initial tax basis in any post-Share Consolidation Common Shares received should equal the fair market value of the post-Share Consolidation Common Shares on the Effective Date. The holding period of the post-Share Consolidation Common Shares will begin on the day after the Effective Date.

Subject to the discussion of market discount under "*—Market Discount*" below, gain or loss recognized in the Senior Unsecured Note Exchange generally will be capital gain or loss. Capital gains of non-corporate U.S. holders (including individuals) derived in respect of capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

*Market Discount*. Under the "market discount" provisions of the IRC, some or all of any gain realized by a U.S. Holder in the Senior Unsecured Note Exchange may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on such U.S. Holder's Senior Unsecured Note. In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than on original issue and if the U.S. Holder's initial tax basis in the debt instrument is less than the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" by at least a de minimis amount (equal to 0.25% of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity). Any gain recognized by a U.S. Holder on the disposition of a Senior Unsecured Note that was acquired with market discount is generally treated as ordinary income to the extent of the market discount that accrued thereon while such Senior Unsecured Note was considered to be held by the U.S. Holder (unless the U.S. Holder elected to include market discount in income as it accrued).

*Treatment of Subscription Privilege.* The U.S. federal income tax treatment of the Subscription Privilege is not entirely clear. The Company intends to take a position that the Subscription Privilege does not constitute separate consideration. If such intended treatment applies, the expected treatment of U.S. Holders that exercise their Subscription Privilege to acquire New 1.5 Lien Notes is discussed below under "—Consequences to U.S. Holders of Ownership and Disposition of the New 1.5 Lien Notes." Further, if such intended treatment applies, U.S. Holders that do not exercise their Subscription Privilege are not expected to have any U.S. federal income tax consequences. However, alternatively, U.S. Holders of the Senior Unsecured Noteholder Claims may be treated as receiving a combination of post-Share Consolidation Common Shares and the Subscription Privilege in the Senior Unsecured Note Exchange. In that case, the fair market value of the consideration received by the holder of Senior Unsecured

Noteholder Claims would be required to be allocated between the post-Share Consolidation Common Shares received and the Subscription Privilege, based on such property's respective fair market values. Also, in that case, the treatment of an exercise of the Subscription Privilege by a U.S. Holder's purchase of New 1.5 Lien Notes or of a failure to exercise such Subscription Privilege may differ materially from those discussed herein. U.S. Holders of Senior Unsecured Noteholder Claims should consult their tax advisors regarding the treatment of the Subscription Privilege.

*Early Consent Shares.* The tax treatment of the receipt of the Early Consent Shares by a U.S. Holder is subject to uncertainty. If treated as additional consideration for the Senior Unsecured Notes, the Early Consent Shares would be treated as part of the total consideration received and subject to tax in the manner described above. It is also possible that the Early Consent Shares may be treated as a separate payment of a fee and taxable as ordinary income. The Company believes it is appropriate to, and intends to treat the Early Consent Shares as additional consideration received by a U.S. Holder in exchange for its Senior Unsecured Notes. There can be no assurance, however, that the IRS will agree with such treatment. U.S. Holders should consult their tax advisors as to the proper treatment of the Early Consent Shares.

*Accrued but Untaxed Interest*. To the extent a U.S. Holder of a Senior Unsecured Note receives consideration that is attributable to unpaid accrued interest on such Senior Unsecured Note, the U.S. Holder will generally be required to treat such consideration as ordinary income if such accrued interest has not been included previously in gross income by the U.S. Holder for U.S. federal income tax purposes. Conversely, a U.S. Holder may be permitted to recognize a deductible loss to the extent that any accrued interest was previously included in such U.S. Holder's gross income but was not paid in full. Such loss generally would be expected to be capital loss.

If the fair market value of the consideration is not sufficient to satisfy all principal and interest on the Senior Unsecured Notes, the extent to which such consideration will be attributable to accrued and unpaid interest is unclear. The Plan of Arrangement provides that consideration in full or partial satisfaction of Senior Unsecured Noteholder Claims shall be allocated first to the principal amount of Senior Unsecured Noteholder Claims (including for U.S. federal income tax purposes), with any excess allocated to unpaid interest that accrued on such Claims. The IRS could take the position that the consideration received by a U.S. Holder of a Senior Unsecured Noteholder Claim should be allocated in a manner other than as provided for in the Plan of Arrangement. U.S. Holders are urged to consult their tax advisors regarding the allocation of consideration received in satisfaction of the Senior Unsecured Noteholder Claims and the U.S. federal income tax treatment of accrued interest.

*Information Reporting and Backup Withholding*. Proceeds on the Senior Unsecured Note Exchange may be subject to information reporting to the IRS. In addition, a U.S. Holder (other than an exempt holder who establishes its exempt status if required) may be subject to backup withholding on such proceeds. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number (generally in the form of a properly executed IRS Form W-9), makes other required certifications and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. Rather, any amount withheld under the backup withholding rules will be creditable or refundable against the U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE EXTENT TO WHICH CONSIDERATION RECEIVED UNDER THE PLAN SHOULD BE TREATED AS ATTRIBUTABLE TO UNPAID ACCRUED INTEREST.

*Consequences to U.S. Holders Regarding Owning and Disposing of the post-Share Consolidation Common Shares*

*Distributions*. Subject to the discussion under "*—Passive Foreign Investment Company"* below, the gross amount of a distribution paid with respect to the post-Share Consolidation Common Shares, including the full amount of any Canadian withholding tax on such amount, will be a dividend for U.S. federal income tax purposes to the extent of the Company's current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) and generally will be included in the U.S. Holder's gross income as ordinary income. Distributions in excess of the Company's current and accumulated earnings and profits will be treated first as a tax free return of capital to the extent of the U.S. Holder's tax basis in the post-Share Consolidation Common Shares and will reduce (but not below zero) such basis. A distribution in excess of the Company's current year and accumulated earnings and profits and the U.S. Holder's tax basis the post-Share Consolidation Common Shares will be treated as capital gain realized on the sale or

exchange of such post-Share Consolidation Common Shares. However, the Company does not intend to calculate its earnings and profits for U.S. federal income tax purposes. Therefore, U.S. Holders should expect that a distribution will generally be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The amount of any distribution paid in foreign currency will be equal to the U.S. Dollar value of such currency, translated at the spot rate of exchange on the date such distribution is received, regardless of whether the payment is in fact converted into U.S. Dollars at that time.

Dividends paid to a non-corporate U.S. Holder by a "qualified foreign corporation" may be subject to reduced rates of taxation if certain holding period and other requirements are met. "Qualified foreign corporation" generally includes a foreign corporation (other than a foreign corporation that is a PFIC with respect to the relevant U.S. Holder for the taxable year in which the dividends are paid or for the preceding taxable year) (i) whose ordinary shares are readily tradable on an established securities market in the United States, or (ii) which is eligible for benefits under a comprehensive United States income tax treaty that includes an exchange of information program and which the United States Treasury Department has determined is satisfactory for these purposes. U.S. Holders should consult their tax advisors regarding the availability of the reduced tax rate on dividends paid with respect to post-Share Consolidation Common Shares. The dividends will not be eligible for the dividends received deduction available to corporations in respect of dividends received from other United States corporations.

Dividends paid on the post-Share Consolidation Common Shares generally will constitute "passive category income" for purposes of the foreign tax credit. Foreign withholding tax (if any) paid on dividends on post-Share Consolidation Common Shares at the rate applicable to a U.S. Holder (taking into account any applicable income tax treaty) will, subject to limitations and conditions, be treated as foreign income tax eligible for credit against such holder's United States federal income tax liability or, at such holder's election, eligible for deduction in computing such holder's United States federal taxable income. The rules governing the treatment of foreign taxes imposed on a U.S. Holder and foreign tax credits are complex, and U.S. Holders should consult their tax advisors about the impact of these rules in their particular situations.

*Sale or Other Taxable Disposition*. Subject to the discussion below under "*— Passive Foreign Investment Company*," a U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes on the sale or other taxable disposition of post-Share Consolidation Common Shares equal to the difference, if any, between the amount realized and the U.S. Holder's adjusted tax basis in those post-Share Consolidation Common Shares. If any Canadian tax is imposed on the sale, exchange or other disposition of post-Share Consolidation Common Shares, a U.S. Holder's amount realized will include the gross amount of the gross proceeds of the disposition before deduction of the Canadian tax. In general, capital gains recognized by a non-corporate U.S. Holder, including an individual, are subject to a lower rate under current law if such U.S. Holder held shares for more than one year. The deductibility of capital losses is subject to limitations. Any such gain or loss generally will be treated as United States source income or loss for purposes of the foreign tax credit. U.S. Holders should consult their tax advisors as to whether the Canadian tax on any such gain may be creditable or deductible in light of their particular circumstances and their ability to apply the provisions of an applicable treaty.

If the consideration received upon the sale or other taxable disposition of post-Share Consolidation Common Shares is paid in foreign currency, the amount realized will be the U.S. Dollar value of the payment received, translated at the spot rate of exchange on the date of taxable disposition. If post-Share Consolidation Common Shares are treated as traded on an established securities market, a cash basis U.S. Holder and an accrual basis U.S. Holder who has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS) will determine the U.S. Dollar value of the amount realized in foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. An accrual basis U.S. Holder that does not make the special election will recognize exchange gain or loss to the extent attributable to the difference between the exchange rates on the sale date and the settlement date, and such exchange gain or loss generally will constitute ordinary income or loss.

*Passive Foreign Investment Company*. The Company will be a passive foreign investment company, or "PFIC," for any taxable year if, after the application of certain look-through rules, either: (i) 75% or more of its gross income for such year is "passive income" (as defined in the relevant provisions of the IRC), or (ii) 50% or more of the value of its

assets (determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. The Company has not analyzed whether it was a PFIC for United States federal income tax purposes for the preceding taxable year or whether it will be a PFIC for the current taxable year or in the foreseeable future. This is a factual determination that must be made annually after the close of each taxable year. Moreover, the value of the Company's assets for purposes of the PFIC determination may be determined by reference to the public price of post-Share Consolidation Common Shares, which could fluctuate significantly. There can be no assurance that the Company is not, or will not be in the future, classified as a PFIC. Certain adverse U.S. federal income tax consequences could apply to a U.S. Holder if the Company is treated as a PFIC for any taxable year during which such U.S. Holder holds post-Share Consolidation Common Shares. Under the PFIC rules, if the Company were considered a PFIC at any time that a U.S. Holder holds post-Share Consolidation Common Shares, the Company would continue to be treated as a PFIC with respect to such U.S. Holder's investment unless (i) the Company ceased to be a PFIC, and (ii) such U.S. Holder had made a "deemed sale" election under the PFIC rules.

If the Company is a PFIC for any taxable year that a U.S. Holder holds post-Share Consolidation Common Shares, any gain recognized by the U.S. Holder on a sale or other disposition of post-Share Consolidation Common Shares would be allocated pro rata over the U.S. Holder's holding period for the post-Share Consolidation Common Shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or the highest rate in effect for corporations, as appropriate, for that taxable year, and an interest charge would be imposed. Further, to the extent that any distribution received by a U.S. Holder on post-Share Consolidation Common Shares exceeds 125% of the average of the annual distributions on the post-Share Consolidation Common Shares received during the preceding three (3) years or the U.S. Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain on the sale or other disposition of post-Share Consolidation Common Shares if the Company were a PFIC, described above. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the post-Share Consolidation Common Shares. If the Company is treated as a PFIC with respect to a U.S. Holder for any taxable year, the U.S. Holder will be deemed to own shares in any of the entities that also are PFICs in which the Company holds equity. A timely election to treat the Company as a qualified electing fund under the Internal Revenue Code would result in an alternative treatment. However, the Company does not intend to prepare or provide the information that would enable U.S. Holders to make a qualified electing fund election. If the Company is considered a PFIC, a U.S. Holder also will be subject to annual information reporting requirements. U.S. Holders should consult their tax advisors about the potential application of the PFIC rules to the ownership of the post-Share Consolidation Common Shares.

*Information Reporting and Backup Withholding*. Distributions and proceeds paid from the sale or other taxable disposition of post-Share Consolidation Common Shares may be subject to information reporting to the IRS. In addition, a U.S. Holder (other than an exempt holder who establishes its exempt status if required) may be subject to backup withholding on cash payments received in connection with distributions and proceeds from the sale or other taxable disposition of post-Share Consolidation Common Shares made within the United States or through certain U.S.-related financial intermediaries.

Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number (generally in the form of a properly executed IRS Form W-9), makes other required certifications and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. Rather, any amount withheld under the backup withholding rules will be creditable or refundable against the U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

*Foreign Financial Asset Reporting*. Certain U.S. Holders are required to report their holdings of certain foreign financial assets, including equity of foreign entities, if the aggregate value of all of these assets exceeds certain threshold amounts. The post-Share Consolidation Common Shares are expected to constitute foreign financial assets subject to these requirements unless the post-Share Consolidation Common Shares are held in an account at certain financial institutions. U.S. Holders should consult their tax advisors regarding the application of these reporting requirements.

*Consequences to U.S. Holders of Ownership and Disposition of the New 1.5 Lien Notes*

The New 1.5 Lien Notes are not intended to be consideration in the Senior Unsecured Note Exchange. Instead, only U.S. Holders, who exercised their Subscription Privilege, have acquired the New 1.5 Lien Notes for cash in the Pro Rata Offering. The discussion below assumes that the New 1.5 Lien Notes are appropriately treated as indebtedness of the Company for U.S. federal income tax purposes. If the ultimate terms of the New 1.5 Lien Notes make this assumption incorrect or if the New 1.5 Lien Notes otherwise are not so treated, then the consequences to U.S. Holders of ownership and disposition of the New 1.5 Lien Notes will differ materially from those discussed below. U.S. Holders considering exercising the Subscription Privilege to purchase the New 1.5 Lien Notes should consult with their tax advisors regarding the characterization of the New 1.5 Lien Notes for U.S. federal income tax purposes.

*Treatment of PIK Interest.* Because the New 1.5 Lien Notes provide that interest may be paid by increasing the principal amount of the outstanding New 1.5 Lien Notes ("**PIK Interest**") in lieu of paying cash interest, no stated interest payments on the New 1.5 Lien Notes will be qualified stated interest for U.S. federal income tax purposes. As a result, the New 1.5 Lien Notes will be treated as issued with original issue discount ("**OID**") (as described below). The increase in the principal amount of the New 1.5 Lien Notes will generally not be treated as a payment of interest. Instead, the New 1.5 Lien Notes and any additional New 1.5 Lien Notes issued in respect of PIK Interest thereon will be treated as a single debt instrument under the OID rules.

*OID on the New 1.5 Lien Notes.* Because the New 1.5 Lien Notes will be treated as issued with OID for U.S. federal income tax purposes, U.S. Holders generally will be required to include such OID in gross income as it accrues over the term of the New 1.5 Lien Notes at a constant yield without regard to their regular method of accounting for U.S. federal income tax purposes and potentially in advance of the receipt of cash payments attributable to that income. The amount of OID that will be included in income generally will equal the sum of the "daily portions" of OID with respect to each New 1.5 Lien Note for each day during the taxable year or portion of the taxable year in which such New 1.5 Lien Note was held. The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. The "accrual period" for a note may be of any length and may vary in length over the term of the New 1.5 Lien Notes, provided that each accrual period is no longer than one year and each scheduled payment of principal and interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period other than the final accrual period is an amount equal to the product of (x) the New 1.5 Lien Note's adjusted issue price at the beginning of such accrual period and (y) its yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period). The "adjusted issue price" of a New 1.5 Lien Note at the beginning of any accrual period is generally equal to its issue price increased by the accrued OID for each prior accrual period and reduced by any cash payments made in each prior accrual period. OID allocable to any accrual period will be determined first in foreign currency and then translated into U.S. Dollars at the average rate of exchange for the applicable interest accrual period or, with respect to an interest accrual period that spans two taxable years, at the average rate for the partial period within the applicable taxable year. The issue price of the New 1.5 Lien Notes will be the price at which a substantial amount of the New 1.5 Lien Notes are sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. OID allocable to a final accrual period is the difference between the amount payable at maturity and the adjusted issue price of the New 1.5 Lien Note at the beginning of the final accrual period. Because of the size of its issuance, the New 1.5 Lien Notes are not expected to be considered publicly traded for U.S. federal income tax purposes.

A U.S. holder will recognize foreign currency exchange gain or loss (which is generally treated as U.S. source ordinary income or loss) upon the receipt of proceeds that include amounts attributable to OID previously included in income (including, upon the disposition of a New 1.5 Lien Note) equal to the extent of the difference, if any, between the U.S. Dollar value of the foreign currency payment received, translated at the spot rate of exchange on the date such payment is received, and the U.S. Dollar value of the accrued OID (determined in the manner described above). For these purposes, all receipts on a New 1.5 Lien Note will be viewed first, as receipt of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first; and second, as receipt of principal. The rules governing OID instruments are complex and prospective purchasers should consult their tax advisors concerning

the application of such rules to the New 1.5 Lien Notes as well as the interplay between the application of the OID rules and the currency exchange gain or loss rules.

*Sale, Exchange or Other Taxable Disposition*. Upon the sale, exchange, redemption, retirement or other taxable disposition of a New 1.5 Lien Note, a U.S. Holder will recognize gain or loss equal to the difference between the amount realized on such disposition and the U.S. Holder's adjusted tax basis in the New 1.5 Lien Note, as applicable. A U.S. Holder's adjusted tax basis in a New 1.5 Lien Note generally will equal to the purchase price paid for the New 1.5 Lien Note, increased by any OID previously accrued and reduced by any cash payments on such New 1.5 Lien Note. Although not free from doubt, a U.S. Holder's adjusted tax basis in a New 1.5 Lien Note should be allocated between the original New 1.5 Lien Note received upon the exercise of the Subscription Privilege and any New 1.5 Lien Notes received in respect of PIK Interest thereon in proportion to their relative principal amounts, and a U.S. Holder's holding period in any such additional New 1.5 Lien Note would likely be identical to its holding period for the original New 1.5 Lien Note with respect to which such PIK Interest was received. Gain or loss recognized on the taxable disposition of a New 1.5 Lien Note generally will be capital gain or loss.

If a U.S. Holder receives foreign currency on a sale, exchange, retirement, redemption or other taxable disposition of a New 1.5 Lien Note, the amount realized generally will be based on the U.S. Dollar value of such foreign currency translated at the spot rate of exchange on the date of taxable disposition. A U.S. Holder will recognize foreign currency exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date, and such gain or loss generally will constitute U.S. source ordinary income or loss. In addition, upon the sale, exchange, retirement, redemption or other taxable disposition of a New 1.5 Lien Note, a U.S. holder may recognize foreign currency exchange gain or loss attributable to amounts received with respect to accrued OID, if any, which will be treated as discussed above under "*—OID on the New 1.5 Lien Notes*". However, upon a taxable disposition of a New 1.5 Lien Note, a U.S. Holder will recognize any foreign currency exchange gain or loss (including with respect to OID, if any) only to the extent of total gain or loss realized by such U.S. Holder on such disposition. U.S. Holders should consult their tax advisors regarding how to account for payments made in a foreign currency with respect to the acquisition, sale, exchange, retirement or other taxable disposition of a New 1.5 Lien Note.

*Foreign tax credit.* OID on a New 1.5 Lien Note generally will constitute foreign source income and generally will be considered passive category income in computing the foreign tax credit allowable to U.S. holders under U.S. federal income tax laws. Any non-U.S. withholding taxes withheld at the rate applicable to the relevant U.S. Holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations. There are significant complex limitation on a U.S. Holder's ability to claim foreign tax credits. U.S. Holders should consult their tax advisors regarding the credibility or deductibility of any withholding taxes.

*Conversion of the New 1.5 Lien Notes.* If a U.S. Holder presents a New 1.5 Lien Note for conversion the U.S. Holder will receive post-Share Consolidation Common Shares. If a U.S. Holder receives solely post-Share Consolidation Common Shares in exchange for the New 1.5 Lien Note, the U.S. Holder generally will not recognize gain or loss upon the conversion of the notes except to the extent of cash received in lieu of a fractional share. The amount of gain or loss a U.S. Holder will recognize on the receipt of cash in lieu of a fractional share will be equal to the difference between the amount of cash the U.S. Holder receives in respect of the fractional share and the portion of the U.S. Holder's adjusted tax basis in the New 1.5 Lien Note that is allocable to the fractional share. Any such gain or loss generally would be capital gain or loss and would be long-term capital gain or loss if, at the time of the conversion, the New 1.5 Lien Note has been held for more than one year. The tax basis of the post-Share Consolidation Common Shares received upon a conversion will equal the adjusted tax basis of the New 1.5 Lien Note that was converted (excluding the portion of the adjusted tax basis allocable to any fractional share). The U.S. Holder's holding period for the post-Share Consolidation Common Shares received upon conversion will include the period during which the U.S. Holder held the New 1.5 Lien Notes.

*Constructive Dividends on the New 1.5 Lien Notes.* If the terms of the New 1.5 Lien Notes provide for the conversion rate of the New 1.5 Lien Notes to be subject to adjustment in certain circumstances, including the payment of cash dividends on the post-Share Consolidation Common Shares, U.S. Holders may be deemed to have received a dividend subject to U.S. federal income tax without the receipt of any cash. U.S. Holders should consult their tax advisors about treatment of constructive dividends with respect to the New 1.5 Lien Notes.

*Information Reporting and Backup Withholding*. OID with respect to the New 1.5 Lien Notes and any constructive dividends with respect to the New 1.5 Lien Notes may be subject to information reporting to the IRS. In addition, a U.S. Holder (other than an exempt holder who establishes its exempt status if required) may be subject to backup withholding on payments and constructive distributions received on the New 1.5 Lien Notes and on proceeds from the sale or other taxable disposition of the New 1.5 Lien Notes made within the United States or through certain U.S.-related financial intermediaries.

Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number (generally in the form of a properly executed IRS Form W-9), makes other required certifications and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. Rather, any amount withheld under the backup withholding rules will be creditable or refundable against the U.S. Holder's United States federal income tax liability, provided the required information is timely furnished to the IRS.

*Considerations for Non-U.S. Holders of Senior Unsecured Noteholder Claims of the Senior Unsecured Note Exchange*

The following discussion includes only certain U.S. federal income tax consequences of the Plan of Arrangement to Non-U.S. Holders. The discussion does not include any non-U.S. tax considerations. Non-U.S. Holders should consult with their tax advisors to determine the effect of U.S. federal, state, and local tax laws, as well as any other applicable non-U.S. tax laws and/or treaties, with regard to their participation in the transactions contemplated by the Plan of Arrangement, their ownership of post-Share Consolidation Common Shares and their ownership of the New 1.5 Lien Notes, as applicable.

*Gain (if Any) on Senior Unsecured Note Exchange*. A Non-U.S. Holder is not expected to be subject to U.S. federal income tax on any gain realized upon the Senior Unsecured Note Exchange (except with respect any amount allocable to accrued and unpaid interest, which generally will be treated as interest and may be subject to the rules discussed below in "*—Accrued and Untaxed Interest*") unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable); or

- the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a foreign corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

Non-U.S. Holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

*Early Consent Shares.* The tax treatment of the receipt of the Early Consent Shares by a Non-U.S. Holder is subject to the same uncertainty as it is for U.S. Holders, as discussed above under "U.S. Holders of Senior Unsecured Noteholder Claims—Exchange of Senior Unsecured Noteholder Claims for Post Consolidation Common Shares—*Early Consent Shares*." If the Early Consent Shares constitutes additional consideration for the Senior Unsecured Notes, the Early Consent Shares would be treated as part of the total consideration received and subject to tax in the manner described above under "*—Gain on Senior Unsecured Note Exchange*." It is also possible that alternatively, the Early Consent Shares may be treated as a separate payment of a fee. If the Early Consent Shares were treated as a

payment of a fee, the payment could be subject to U.S. federal withholding tax. The Company believes it is appropriate to, and intends to treat the Early Consent Shares as additional consideration received by a U.S. Holder in exchange for its Senior Unsecured Notes and not withhold on the Early Consent Shares. There can be no assurance, however, that the IRS will agree with such treatment. U.S. Holders should consult their tax advisors as to the proper treatment of the Early Consent Shares.

*Accrued but Untaxed Interest*. To the extent a Non-U.S. Holder of a Senior Unsecured Note receives consideration that is attributable to unpaid accrued interest on such Senior Unsecured Note, the Non-U.S. Holder will generally be required to treat such consideration as interest income. Such interest income paid to a Non-U.S. Holder that is not effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States generally will not be subject to U.S. federal income tax, or withholding tax of 30% (or such lower rate specified by an applicable income tax treaty), provided that:

- the Non-U.S. Holder does not, actually or constructively, own 10% or more of Calfrac LP's capital or profits interests;

- the Non-U.S. Holder is not a controlled foreign corporation related to the Company or Calfrac LP through actual or constructive equity ownership; and

- either (1) the Non-U.S. Holder certifies in a statement provided to the applicable withholding agent under penalties of perjury that it is not a United States person and provides its name and address; (2) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the note on behalf of the Non-U.S. Holder certifies to the applicable withholding agent under penalties of perjury that it, or the financial institution between it and the Non-U.S. Holder, has received from the Non-U.S. Holder a statement under penalties of perjury that such holder is not a United States person and provides a copy of such statement to the applicable withholding agent; or (3) the Non-U.S. Holder holds its note directly through a "qualified intermediary" (within the meaning of applicable Treasury Regulations) and certain conditions are satisfied.

If a Non-U.S. Holder does not satisfy the requirements above, such Non-U.S. Holder may be entitled to a reduction in or an exemption from withholding on such interest as a result of an applicable tax treaty. To claim such entitlement, the Non-U.S. Holder must provide the applicable withholding agent with a properly executed IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) claiming a reduction in or exemption from withholding tax under the benefit of an income tax treaty between the United States and the country in which the Non-U.S. Holder resides or is established.

If interest paid to a Non-U.S. Holder is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such interest is attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above. To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that interest paid on a note is not subject to withholding tax because it is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States.

Any such effectively connected interest generally will be subject to U.S. federal income tax at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected interest, as adjusted for certain items.

*Information Reporting and Backup Withholding*. Non-U.S. Holders generally will not be subject to backup withholding or information reporting with respect to the Senior Unsecured Note Exchange, if the applicable withholding agent receives the statement described above and does not have actual knowledge or reason to know that such holder is a United States person or the holder otherwise establishes an exemption. Proceeds of a disposition of a note paid outside the United States and conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

**THE FOREGOING DISCUSSION OF FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. EACH HOLDER SHOULD CONSULT ITS TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN DESCRIBED HEREIN. NEITHER THE COMPANY OR ANY OF ITS SUBSIDIARIES WILL HAVE ANY LIABILITY TO ANY PERSON OR HOLDER ARISING FROM OR RELATED TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN OR THE FOREGOING DISCUSSION.**

## RISK FACTORS

In addition to the other information set forth and incorporated by reference in this Circular, Securityholders should carefully review the following factors before deciding whether to approve the Recapitalization Transaction.

### Risks Relating to the Recapitalization Transaction

***The Recapitalization Transaction will result in substantial dilution to Shareholders and certain Shareholders will no longer hold securities of Calfrac following the Recapitalization Transaction.***

The Recapitalization Transaction will result in the Shareholders holding approximately 8% of the Common Shares anticipated to be issued and outstanding immediately following the implementation of the Recapitalization Transaction, on a non-diluted basis and excluding the Commitment Consideration Shares. As a result of the Share Consolidation and the rounding down of fractional Common Shares, any Shareholders who, immediately prior to the date of the Share Consolidation, hold such number of Common Shares which is less than the Consolidation Ratio will not receive any Common Shares as a result of the Share Consolidation.

***The Recapitalization Transaction may not improve the financial condition of Calfrac's business.***

Calfrac believes that the Recapitalization Transaction will enhance Calfrac's liquidity and provide it with operating flexibility. However, such belief is based on certain assumptions, including, without limitation, that Calfrac's product sales, suppliers, customers, purchasers and contractors will not be materially adversely affected while the Recapitalization Transaction is underway and that such sales and/or relationships will be stable or will improve following the completion of the Recapitalization Transaction in the competitive marketplace in which Calfrac operates, that general economic conditions and the markets for Calfrac's products will remain stable or improve, as well as Calfrac's continued ability to manage costs. Should any of those assumptions prove incorrect, the financial position of Calfrac may be materially adversely affected and Calfrac may not be able to pay its debts as they become due.

***Potential effect of the Recapitalization Transaction.***

There can be no assurance as to the effect of the announcement of the Recapitalization Transaction on Calfrac's relationships with its suppliers, customers, purchasers, contractors or lenders, nor can there be any assurance as to the effect on such relationships of any delay in the completion of the Recapitalization Transaction, or the effect of the Recapitalization Transaction being completed under the CBCA. To the extent that any of these events result in the tightening of payment or credit terms, increases in the price of supplied goods, or the loss of a major supplier, customer, purchaser, contractor or lender, or of multiple other suppliers, customers, purchasers, contractors or lenders, this could have a material adverse effect on Calfrac's business, financial condition, liquidity and results of operations. The uncertainty affecting Calfrac may adversely affect the Company's ability to attract or retain key employees in the

period until the Arrangement is completed or thereafter. The risk, and material adverse effect, of such disruptions could be exacerbated by any delay in the consummation of the Arrangement or termination of the Support Agreements.

***The Company will incur significant transaction-related costs in connection with the Arrangement, and the Company may have to pay various expenses even if the Arrangement is not completed.***

The Company expects to incur a number of non-recurring costs associated with the Arrangement before, at, and after its closing. The Company will also incur transaction fees and costs. Certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees, must be paid by the Company even if the Arrangement is not completed. If the Arrangement is not consummated, the Company will bear some or all of these costs without recognizing any of the anticipated benefits of the Arrangement.

***The pending Arrangement may divert the attention of the Company's Management.***

The pendency of the Arrangement could cause the attention of the Company's management to be diverted from the day-to-day operations. These disruptions could be exacerbated by a delay in the completion of the Arrangement and could have an adverse effect on the business, operating results or prospects of the Company regardless of whether the Arrangement is ultimately completed.

***Following completion of the Arrangement, the Company may issue additional equity or debt securities, which could dilute the ownership in the Company of holders of Common Shares.***

In the future the Company may issue additional securities to raise capital. The Company may also acquire interests in other companies by using a combination of cash and Common Shares or just Common Shares. The Company may also issue securities convertible into Common Shares.

The Company may also attempt to increase its capital resources by making additional offerings of debt, including senior or subordinated notes. Because the Company's decision to issue securities in any future offering will depend on market conditions and other factors beyond its control, the Company cannot predict or estimate the amount, timing or nature of future offerings. Thus, holders of Common Shares bear the risk of future offerings reducing the market value of Common Shares. See also the risk factor, "*The Recapitalization Transaction will result in substantial dilution to Shareholders and certain Shareholders will no longer hold securities of Calfrac following the Recapitalization Transaction*" above.

***The Company will have a new significant Shareholder upon completion of the Recapitalization Transaction.***

After completion of the Recapitalization Transaction and assuming all Senior Unsecured Noteholders are considered Early Consenting Noteholders, G2S2, along with its affiliates, is expected to own approximately 14,056,844 post-Share Consolidation Common Shares and approximately $24.1 million principal amount of New 1.5 Lien Notes (convertible into approximately 18,072,111 post-Share Consolidation Common Shares), representing approximately 37.5% of the issued and outstanding Common Shares on a non-diluted basis or approximately 38.9% of the issued and outstanding Common Shares on a fully diluted basis. G2S2 may be able to significantly affect the outcome of important matters affecting Calfrac that require Shareholder approval, including business combinations or other transactions that have been recommended for acceptance by Shareholders by the Board. It is possible that the interests of G2S2 may in some circumstances conflict with the Company's interests and the interests of other Shareholders. In addition, G2S2 may hold securities of, and may from time to time in the future acquire interests in, businesses that directly or indirectly compete with all or a portion of the Company's business or the businesses of its suppliers. G2S2 have not entered into a non-competition agreement with the Company, or provided any covenants not to compete with the Company under any agreement in connection with their investment in the Company. In addition, the significant holdings of G2S2 may reduce the liquidity of the Common Shares.

***Parties may make claims against the Calfrac Entities despite the releases and waivers provided for in the Plan of Arrangement.***

The Plan of Arrangement includes certain releases that become effective upon the implementation of the Recapitalization Transaction in favour of the Released Parties, as set out in the Plan of Arrangement. Furthermore, the Plan of Arrangement also provides that, from and after the Effective Time, all Persons shall be deemed to have consented and agreed to all of the provisions of the Plan of Arrangement in its entirety. Without limiting the foregoing, pursuant to the Plan of Arrangement, the Released Parties shall be released and discharged from all Released Claims in accordance with the Plan of Arrangement, the transactions contemplated thereunder, and any other actions or matters related directly or indirectly to the foregoing, subject to applicable exceptions. Notwithstanding the foregoing, the Company may still be subject to legal actions with regards to such released claims and related matters. Such legal actions may be costly and could require the Company to defend such potential claims without recourse for legal costs incurred, even if the Company is successful.

**Risks Relating to the Non-Implementation of the Recapitalization Transaction**

Future liquidity and operations of the Company are dependent on the ability of the Company to restructure its debt obligations and to generate sufficient operating cash flows to fund its on-going operations. If the Company does not complete the realignment of its capital structure through the Recapitalization Transaction, it may be necessary to pursue other restructuring strategies that could have a more negative effect on the Company and reduce or eliminate recoveries for Shareholders.

In the event that the Recapitalization Transaction is not implemented, the Company's total debt would not be reduced and the associated reduction in debt service costs would not be achieved.

***The completion of the Recapitalization Transaction may not occur or may be delayed.***

The completion of the Recapitalization Transaction may not occur or may be delayed.

The Recapitalization Transaction is subject to a number of conditions precedent that must be satisfied or waived for the Arrangement to become effective (see "*Description of the Recapitalization Transaction – Plan of Arrangement*"). These conditions include certain items that may be subject to, or influenced, by factors and parties outside of Calfrac's control, including but not limited to, actions taken by Wilk Brothers. As disclosed in Calfrac's press release dated July 14, 2020 and an early warning report dated August 4, 2020, Wilks Brothers is a significant shareholder of Calfrac and a self-identified activist investor in Calfrac. Wilks Brothers previously announced their desire to acquire Calfrac's U.S. business in exchange for the Second Lien Notes held by Wilks Brothers. The proposed acquisition significantly undervalued Calfrac's U.S. business, a division that represents more than two-thirds of Calfrac's global enterprise, and the resulting transaction would leave the first-lien, senior creditors of Calfrac with less than one-third of the collateral that they currently hold with no debt reduction. In addition, Wilks Brothers has since also publicly announced a proposal for a recapitalization transaction, in the context of Calfrac's negotiated Recapitalization Transaction, and despite Wilks Brothers having elected not to accept Calfrac's repeated invitations to enter into a non-disclosure agreement since late May 2020. The Wilks Brothers Proposal represents a transaction that is not capable of execution, due to the fact that it does not have the requisite support of Senior Unsecured Noteholders. Furthermore, the Wilks Brothers Proposal is essentially an opportunistically late, thinly-veiled change of control transaction proposed by a direct competitor of Calfrac who has exhibited questionable motives, and which offers no change of control or "takeover" premium to Shareholders.

In the event the Recapitalization Transaction is not successful, the Company will need to evaluate all of its options and alternatives related to any future Court proceedings or other alternatives to address key liquidity and debt leverage matters which exist today. In the event the Recapitalization Transaction is not successful, the value available to stakeholders under such alternatives may be significantly less than under the Recapitalization Transaction and any proceeds available for distribution to stakeholders would be paid in priority to the First Lien Lenders, Second Lien Noteholders and Senior Unsecured Noteholders, with the remaining proceeds, if any, paid to the Shareholders. **There is significant risk that there may be no recovery of any kind, or amount available, for parties with subordinate claims (including Shareholders) in such circumstances.** See "*Risks Relating to the Non-Implementation of the Recapitalization Transaction*".

Even if the Recapitalization Transaction is completed, it may not be completed on the schedule described in this Circular. Accordingly, Senior Unsecured Noteholders participating in the Recapitalization Transaction may have to wait longer than expected to receive their entitlements under the Plan of Arrangement. In addition, if the Recapitalization Transaction is not completed on the schedule described in this Circular, the Company may incur additional expenses.

**Risk Factors Related to the New 1.5 Lien Notes**

***Due to many factors beyond Calfrac's control, Calfrac may not be able to generate sufficient cash to service all of its indebtedness and meet its other ongoing liquidity needs, and Calfrac may be forced to take other actions to satisfy its obligations under its debt agreements, which actions may not be successful.***

Calfrac's ability to make payments on, and to refinance, its indebtedness, and to fund planned capital expenditures will depend on Calfrac's ability to generate sufficient cash flow in the future. This is subject to general economic, financial, competitive, legislative, regulatory and other factors, many of which are beyond Calfrac's control. Calfrac's business may not generate sufficient cash flow from operations and Calfrac's subsidiaries may not be able to, or may not be permitted to, make distributions to enable it to make payments in respect of its indebtedness. Furthermore, Calfrac may not have future borrowings available in an amount sufficient to enable it to pay indebtedness, including the New 1.5 Lien Notes, or to fund Calfrac's other liquidity needs.

In these circumstances, Calfrac may need to refinance all or a portion of its indebtedness, including the New 1.5 Lien Notes, on or before maturity. Any refinancing of its debt could be at higher interest rates and may require Calfrac to comply with more onerous covenants, which could further restrict Calfrac's business operations. Calfrac's ability to refinance Calfrac's indebtedness or obtain additional financing will depend on, among other things:

(a) Calfrac's financial condition at the time;

(b) restrictions governing Calfrac's indebtedness, including those contained in the First Lien Credit Agreement, the New 1.5 Lien Notes Indenture, the Second Lien Indenture and related intercreditor agreements;

(c) Calfrac's credit rating; and

(d) the condition of the financial markets and the industry in which Calfrac operates.

As a result, Calfrac may not be able to refinance any of its indebtedness on commercially reasonable terms or at all. Without this refinancing, Calfrac could be forced to sell assets, reduce or delay capital expenditures or seek additional equity capital to make up for any shortfall in Calfrac's payment obligations under unfavorable circumstances. In addition, Calfrac may not be able to sell assets quickly enough or for sufficient amounts to enable Calfrac to meet its obligations. Any failure to make scheduled payments of interest and principal on Calfrac's outstanding indebtedness when due would permit the holders of such indebtedness to declare an event of default and accelerate the indebtedness. This could result in the lenders enforcing against the assets securing the borrowings, and Calfrac could be forced into bankruptcy or other insolvency proceedings. In addition, any failure to make payments of interest and principal on Calfrac's outstanding debt on a timely basis would likely result in a reduction of Calfrac's credit rating, which could harm Calfrac's ability to incur additional debt on acceptable terms and may materially adversely affect the price of Calfrac's debt securities.

***Canadian insolvency laws may impair the enforcement of remedies under the New 1.5 Lien Notes.***

The rights of holders of New 1.5 Lien Notes may be significantly impaired by the provisions of applicable Canadian bankruptcy, insolvency, corporate and other similar legislation. In Canada, insolvency proceedings are governed by three federal statutes, the principal two being the CCAA and the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"). The federal insolvency laws in Canada apply across the country and allow for either a liquidation type proceeding or a restructuring type proceeding. In addition, under federal insolvency laws and provincial rules of court (other than Quebec), secured creditors may appoint what is known as a "receiver" over the collateral of the debtor, in order to sell

the debtor's assets or manage the debtor's business or otherwise realize on collateral. Notwithstanding that insolvency proceedings in Canada are governed by federal statute, in certain circumstances provincial and territorial laws will affect those proceedings (e.g., security laws, landlord rights, etc.). In addition, secured creditors may have recourse to self-help or court-supervised proceedings.

The powers of the court under Canadian insolvency laws have been exercised broadly to protect an insolvent debtor from actions taken by creditors and other parties. Accordingly, if Calfrac were to become subject to proceedings pursuant to such Canadian insolvency legislation, following commencement and/or during such a proceeding, payments of the New 1.5 Lien Notes may be stayed or discontinued and holders of New 1.5 Lien Notes may be unable to exercise their rights under the New 1.5 Lien Note Indenture, and holders of the New 1.5 Lien Notes may not be compensated for any delays in payments, if any, of principal, interest and costs. Claims of creditors may also be compromised pursuant to the terms of a restructuring plan approved by the requisite majorities of creditors.

In the context of a proceeding under the BIA or the CCAA, a trustee or monitor, as applicable, is also required to review asset transfers and transactions undertaken by the bankrupt or debtor, as applicable, within specified time periods prior to the initiation of the proceeding to determine if the bankrupt or debtor, as applicable, was engaged in any transfers at undervalue or preferences. In the case of transfers at undervalue, the review period is one year from the date of the initial bankruptcy event (or five years for non-arm's length parties) and preferences are subject to review if they occurred within three (3) months of the date of the initial bankruptcy event (or twelve months for non-arm's length parties). Trustees or monitors, as applicable, creditors and other qualified stakeholders may also seek to void, set aside or otherwise challenge transactions under provincial and other federal legislation. The circumstances in which this may occur varies by Canadian jurisdiction and legislation, but generally the circumstances include situations where the transactions were undertaken (i) for conspicuously less than fair value, or (ii) with the intent to defeat, delay or hinder creditors or others, or (iii) at a time when the transferor was insolvent or rendered insolvent by the transaction, or (iv) where the transferor unfairly disregarded the interests of creditors or other applicable stakeholders. In the event that such a transaction is determined to have occurred, the trustee or monitor, as applicable, or such creditor or other qualifying stakeholder may take steps to void or set aside the transaction and/or assert claims against the recipient of the assets.

***Future pledges of collateral or guarantees might be avoided by a trustee in bankruptcy.***

The New 1.5 Lien Note Indenture and the related security documents will require Calfrac to grant liens on certain assets that Calfrac acquires after the Effective Date. Any future guarantee or additional lien in favor of the New 1.5 Lien Note Trustee might be avoidable by the grantor (as debtor-in-possession) or by its trustee in bankruptcy or other third parties if certain events or circumstances exist or occur.

***There are circumstances other than repayment or discharge of the New 1.5 Lien Notes under which the collateral securing the New 1.5 Lien Notes will be released automatically, without debtholder consent.***

Under various circumstances, collateral securing the New 1.5 Lien Notes will be released automatically, including, among other circumstances:

- upon satisfaction and discharge of the New 1.5 Lien Notes Indenture;
- upon a legal defeasance or covenant defeasance under the New 1.5 Lien Notes Indenture;
- a sale, transfer or other disposal of such collateral in a transaction not prohibited under the New 1.5 Lien Note Indenture; and
- in accordance with the applicable provisions of the intercreditor agreement to be entered into in connection with the Recapitalization Transaction.

***It may be difficult to realize the value of the collateral securing the New 1.5 Lien Notes.***

No appraisal of the collateral has been made and the value of the collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers. By their nature, some or all of the pledged assets may be illiquid and may have no readily ascertainable market value. Calfrac cannot assure debtholders that the fair market value of the collateral as of the date of this Circular exceeds the principal amount of the New 1.5 Lien Notes secured thereby. The value of the assets pledged as collateral for the New 1.5 Lien Notes and the guarantees could be impaired in the future as a result of changing economic conditions, Calfrac's failure to implement Calfrac's business strategy, competition, unforeseen liabilities and other future events. Accordingly, there may not be sufficient collateral to pay all or any of the amounts due on the New 1.5 Lien Notes. Any claim for the difference between the amount, if any, realized by holders of the New 1.5 Lien Notes from the sale of the collateral securing the New 1.5 Lien Notes and the guarantees and the obligations under the New 1.5 Lien Notes will rank equally in right of payment with all of Calfrac's other unsecured unsubordinated indebtedness and other obligations, including trade payables. Additionally, in the event that a bankruptcy or insolvency proceeding is commenced by or against Calfrac, if the value of the collateral is less than the amount of principal and accrued and unpaid interest on the New 1.5 Lien Notes and any other senior secured obligations, interest may cease to accrue on the New 1.5 Lien Notes from and after the date such proceeding is commenced or initiated. Also, any attempt to repossess, or any other disposition of the collateral during a bankruptcy or insolvency proceeding would also require approval from the bankruptcy court (which may not be given under the circumstances or which the approval for could be delayed).

To the extent that third parties enjoy prior liens on the collateral securing the New 1.5 Lien Notes, to the extent permitted under the New 1.5 Lien Notes Indenture or the First Lien Credit Agreement, as applicable, such third parties may have rights and remedies with respect to the collateral subject to such liens that, if exercised, could adversely affect the value of the collateral.

***Rights of the holders of the New 1.5 Lien Notes in the collateral may be adversely affected by the failure to perfect liens on certain collateral acquired in the future.***

Applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at the time such property and rights are acquired and identified. The New 1.5 Lien Note Trustee may not monitor, or Calfrac may not inform the New 1.5 Lien Note Trustee of, the future acquisitions of property and rights that constitute collateral, and necessary action may not be taken to properly perfect the security interest in such after acquired collateral. The New 1.5 Lien Note Trustee does not have an obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interest with respect to the New 1.5 Lien Notes against third parties. In addition, as described further herein, even if the liens on collateral acquired in the future are properly perfected, such liens may potentially be avoidable as a preference in any bankruptcy or insolvency proceeding if such perfection occurs beyond certain prescribed period and under certain circumstances. See "*Risk Factors – Risk Factors Related to the New 1.5 Lien Notes – Future pledges of collateral or guarantees might be avoided by a trustee in bankruptcy*".

***The collateral is subject to casualty risks.***

Although Calfrac maintains insurance policies to insure against losses, there are certain losses that may be either uninsurable or not economically insurable, in whole or in part. As a result, it is possible that the insurance proceeds will not compensate Calfrac fully for Calfrac's losses in the event of a catastrophic loss. If there is a total or partial loss of any of the pledged collateral, Calfrac cannot assure debtholders that any insurance proceeds received by Calfrac will be sufficient to satisfy all the secured obligations, including the New 1.5 Lien Notes.

***Calfrac will in most cases have control over the collateral, and the sale of particular assets by Calfrac could reduce the pool of assets securing the New 1.5 Lien Notes and any future guarantees.***

The security documents allow Calfrac to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the collateral securing the New 1.5 Lien Notes and any future guarantees. For example, Calfrac may, among other things, without any release or consent by the holders of New 1.5 Lien Notes or the New 1.5 Lien Note Trustee, conduct ordinary course activities with respect to collateral, such as

selling, factoring, abandoning or otherwise disposing of collateral and making ordinary course cash payments (including repayments of indebtedness).

***The New 1.5 Lien Notes will be secured pursuant to security interests in the collateral securing the First Lien Credit Agreement, and consistent with the perfection steps taken pursuant to the First Lien Credit Agreement. As a result, Calfrac will generally be required to grant and perfect security interests in its and certain subsidiaries' assets as of the Effective Date, however, a significant portion of Calfrac's assets will not be registered or perfected by serial number registration or by indicating the security interest on the certificates of title for such assets or, in the case of real property, registered at any land registry. Such serial number or certificate of title registration or perfection or land registry registration or grant of security interest may never be required or completed. Failure to do so can result in such security interests granted in such collateral to be unperfected.***

Subject to certain important exceptions discussed below, security interests in a significant portion of Calfrac's assets, including real property with a net book value equal to or greater than US$2.5 million and rolling stock equipment, such as pickup trucks, tractors, trailers, fracturing pumps, chemical vans, data vans and related equipment, and other equipment are currently granted and perfected for the benefit of the lenders under the First Lien Credit Agreement, however security interests in a significant portion of Calfrac's assets have not been registered or perfected by serial number registration or by indicating the security interest on the certificates of title in favor of such lenders. Failure to do so can result in such security interests granted in such collateral to be unperfected.

In addition, security interests in vehicles or other assets subject to certificate of title legislation in the United States have not been perfected, and are not currently required to be perfected, to secure the First Lien Credit Agreement. Also, security interests (including mortgages and fixed charges) in respect of real property with a net book value of less than US$2.5 million have not been registered at any land registry office in Canada or the United States. As of the Effective Date, serial number registrations and certificate of title registrations and land registry registrations will not be made to perfect the security interests or fixed charges granted to the holders of the New 1.5 Lien Notes, and no security interest will be perfected in vehicles or other assets subject to certificate of title legislation in the United States and no security interests (including mortgages and fixed charges) in respect of real property with a net book value of less than US$2.5 million will be registered or perfected at any land registry office in Canada or the United States. Instead, under the First Lien Credit Agreement, Calfrac is only required to register additional real property fixed charges at land registries or perfect and/or complete serial number or certificate of title registrations (as applicable) with respect to the security interests granted pursuant to the First Lien Credit Agreement if an Event of Default (as defined thereunder) has occurred and is continuing and the agent thereunder requests such registration and/or perfection. Similarly, Calfrac will not be required to register additional real property fixed charges beyond what is currently registered at land registries to secure the First Lien Credit Agreement or perfect and/or complete serial number registrations or certificate of title registrations (as applicable) in respect of the security interests granted for the benefit of the holders of the New 1.5 Lien Notes unless such registrations are required to be perfected and/or registered (as applicable) under the First Lien Credit Agreement. Even if the perfection and/or serial number or certificate of title registration of such security interests or fixed charge real property registrations is required, there can be no assurance that such perfection and/or registration will be accomplished in a timely matter, or at all. Furthermore, if the grantor of any such security interest were to become the subject of a bankruptcy proceeding, any mortgages or grant or perfection of a security interest in such collateral, or in other collateral delivered after the Effective Date, would face a risk of being avoided as a preference under applicable insolvency law if certain events or circumstances exist or occur, including if the grantor is insolvent at the time the security is granted or perfected, the grant or perfection of security interest would permit you to receive greater recovery in a bankruptcy case of the grantor under Chapter 7 of the U.S. Bankruptcy Code than if the security interest had not been given and, in each case, a bankruptcy proceeding in respect of the grantor is commenced within 90 days following the grant or perfection (or, in certain circumstances, one year). If the grant or perfection of any such mortgage or other security interest is avoided as a preference, you would lose the benefit of that mortgage or security interest. Notwithstanding anything to the contrary, security interests (including mortgages) in certain collateral may not be obtained until after the Effective Date.

***The provisions of the New Intercreditor Agreement relating to the collateral securing the New 1.5 Lien Notes will limit the rights of holders of the New 1.5 Lien Notes with respect to that collateral, even during an event of default.***

Under the New Intercreditor Agreement between the New 1.5 Lien Notes Trustee, on behalf of the holders of the New 1.5 Lien Notes, and the First Lien Agent, on behalf of the lenders under the First Lien Credit Agreement, the holders of first lien obligations are generally entitled to receive and apply all proceeds of any collateral to the repayment in full of the obligations under the First Lien Credit Agreement before any such proceeds will be available to repay obligations under the New 1.5 Lien Notes and other second priority claims. In addition, the First Lien Agent is generally entitled to sole control of all decisions and actions, including foreclosure, with respect to collateral, even if an event of default under the New 1.5 Lien Notes has occurred, and neither the holders of New 1.5 Lien Notes nor the New 1.5 Lien Notes Trustee will generally be entitled to independently exercise remedies with respect to the collateral until specified time periods have elapsed, if at all. In addition, the First Lien Agent is entitled, without the consent of the holders of New 1.5 Lien Notes or the New 1.5 Lien Notes Trustee, to release the liens of the secured parties on any part of the collateral in certain circumstances.

***Lien searches may not reveal all existing liens on the collateral.***

Calfrac cannot guarantee that the lien searches conducted on the collateral securing the New 1.5 Lien Notes or the guarantees will reveal all existing liens on such collateral. Any existing undiscovered lien could be significant, could be prior in ranking to the liens securing the New 1.5 Lien Notes or the guarantees and could have an adverse effect on the ability of the New 1.5 Lien Note Trustee to realize or foreclose upon such collateral. Certain statutory priority liens may also exist that cannot be discovered by lien searches.

***Rights of the holders of the New 1.5 Lien Notes in the collateral securing the New 1.5 Lien Notes, as applicable, may be adversely affected by bankruptcy and insolvency proceedings and the holders of the New 1.5 Lien Notes may not be entitled to post-petition interest, premium, fees, or expenses in any bankruptcy or insolvency proceeding.***

In Canada, the right of the New 1.5 Lien Note Trustee to repossess and dispose of the collateral securing the New 1.5 Lien Notes upon acceleration is likely to be significantly impaired by Canadian bankruptcy and insolvency law if such proceedings are commenced by or against Calfrac prior to or possibly even after either such party has repossessed and disposed of the collateral. Pursuant to the stay imposed in certain Canadian bankruptcy and insolvency proceedings, a secured creditor, such as a holder of New 1.5 Lien Notes is prohibited from repossessing its security from a debtor, or from disposing of security from a debtor, without court approval. Moreover, certain Canadian bankruptcy and insolvency proceedings permit the debtor (or its trustee, receiver or similar representative) to continue to retain and to use collateral, and the proceeds, products, rents or profits of the collateral, even though the debtor is in default under the applicable debt instruments. In view of the broad discretionary powers of the court in such proceedings, it is impossible to predict how long payments under the New 1.5 Lien Notes could be delayed following the commencement of such a proceeding, whether or when the collateral agent would repossess or dispose of the collateral, or whether or to what extent the holders of the New 1.5 Lien Notes would be compensated for any delay in payment or loss of value of the collateral or would recover the full amount owing to them. The payment or accrual of post-petition interest, fees, premiums, costs and attorneys' fees during the debtor's bankruptcy or insolvency proceedings may not be permitted by the court.

***There is currently no public market for the New 1.5 Lien Notes and an active trading market may not develop for such notes. The failure of a market to develop for the New 1.5 Lien Notes could affect the liquidity and value of such notes.***

The issuance of the New 1.5 Lien Notes will be a new issue of securities, and there is no existing market for the New 1.5 Lien Notes. An active market may not develop for the New 1.5 Lien Notes, and there can be no assurance as to the liquidity of any market that may develop for the New 1.5 Lien Notes. If an active market does not develop, the trading price and liquidity of the New 1.5 Lien Notes may be adversely affected.

The liquidity of the trading market, if any, and future trading prices of the New 1.5 Lien Notes will depend on many factors, including, among other things, the number of holders thereof, prevailing interest rates, Calfrac's operating results, financial performance and prospects, the interest of securities dealers in making a market in the New 1.5 Lien Notes, the market for similar securities and the overall securities market, and may be adversely affected by unfavorable

changes in these factors. Historically, the market for high-yield debt has been subject to disruptions that have caused substantial fluctuations in the prices of these securities. The market for the New 1.5 Lien Notes may be subject to similar disruptions that may adversely affect the value of the New 1.5 Lien Notes. In addition to the foregoing, subsequent to their initial issuance, the New 1.5 Lien Notes may trade at a discount depending on other factors that include, without limitation, prevailing interest rates, the market for similar securities, and Calfrac's performance.

***The New 1.5 Lien Notes have not been, and are not expected to be, registered or qualified under Canadian Securities Laws or U.S. Securities Laws and accordingly the New 1.5 Lien Notes are not freely transferable in the United States or in Canada.***

The New 1.5 Lien Notes have not been, and will not be, registered or qualified under Canadian Securities Laws or U.S. Securities Laws. Unless the New 1.5 Lien Notes are so registered or qualified, they may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration or prospectus requirements of the Canadian Securities Laws or U.S. Securities Laws, as applicable. Calfrac is relying on exemptions from the registration and/or prospectus qualification requirements under the laws of other jurisdictions where the New 1.5 Lien Notes are being offered and sold and, therefore, the New 1.5 Lien Notes may be transferred or resold by or to purchasers resident in or otherwise subject to the laws of those jurisdictions only in compliance with the laws of those jurisdictions, to the extent applicable.

***Calfrac may be unable to repay the New 1.5 Lien Notes at maturity.***

At maturity, the entire outstanding principal amount of each of the New 1.5 Lien Note together with accrued and unpaid interest, will become due and payable. Calfrac may not have the funds to fulfill these obligations or the ability to renegotiate these obligations. If, upon the applicable maturity dates, other arrangements prohibit Calfrac from repaying the New 1.5 Lien Notes, Calfrac could try to obtain waivers of such prohibitions from the holders under those arrangements, or Calfrac could attempt to refinance the borrowings that contain the restrictions. In these circumstances, if Calfrac was not able to obtain such waivers or refinance these borrowings, Calfrac would be unable to repay the New 1.5 Lien Notes.

***The New 1.5 Lien Notes will rank behind the Amended First Lien Credit Agreement.***

Substantially all of Calfrac's owned assets on the issue date of the New 1.5 Lien Notes, along with assets thereafter acquired and proceeds therefrom, will be subject to a first-priority lien in favour of the First Lien Lenders. The New 1.5 Lien Notes will have a second ranking lien behind the Amended First Lien Credit Agreement, on such collateral. In the event that Calfrac is declared bankrupt, becomes insolvent or is liquidated or reorganized, its obligations in respect of the Amended First Lien Credit Agreement will be entitled to be paid in full from the Company's assets pledged as security for such obligations before any payment from such assets or the proceeds thereof may be made with respect to the New 1.5 Lien Notes. Holders of the New 1.5 Lien Notes would then participate rateably in the remaining assets pledged as collateral in accordance with their priority ranking. Such rateable participation in assets would be shared with any holders of indebtedness that are deemed to rank equally with either of the holders of the New 1.5 Lien Notes based upon the respective amount owed to each creditor.

***The terms of the Amended First Lien Credit Agreement or the New 1.5 Lien Notes Indenture, as applicable, may restrict the Company's current and future operations, particularly Calfrac's ability to respond to changes or to take certain actions.***

The Amended First Lien Credit Agreement and New 1.5 Lien Notes Indenture will contain a number of restrictive covenants that impose significant operating and financial restrictions on the Company and may limit its ability to engage in acts that may be in its long-term best interests, including, among other things, restrictions on the Company's ability to:

(a) incur or guarantee additional indebtedness;

(b) pay dividends or make other distributions or repurchase or redeem certain indebtedness;

(c) make loans and investments;

(d) merge, consolidate, transfer or sell assets;

(e) grant or incur certain liens;

(f) enter into transactions with affiliates; and

(g) alter the businesses the Company conducts.

These covenants could adversely affect the Company's ability to finance its future operations or capital needs, withstand a future downturn in the Company's business or the economy in general, engage in business activities, including future opportunities that may be in the Company's interest, and plan for or react to market conditions or otherwise execute its business strategies. The Company's ability to comply with these covenants may be affected by events beyond its control. A breach of any of these covenants could result in a default in respect of the related indebtedness. If a default occurs, the relevant lenders or holders of such indebtedness could elect to declare the indebtedness, together with accrued interest and other fees, to be immediately due and payable and proceed against any collateral securing that indebtedness. There is no guarantee that the Company would be able to satisfy its obligations if any of its indebtedness is accelerated.

***While the Company is permitted to incur certain additional indebtedness, there is no guarantee that it will be able to obtain such indebtedness or that the amount of such indebtedness permitted to be incurred thereunder will be sufficient to meet the Company's capital needs.***

A breach of the covenants under the Amended First Lien Credit Agreement or the New 1.5 Lien Notes Indenture (as applicable) could result in an event of default under the applicable indebtedness. Such default may allow creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. If the Company is unable to repay the amounts due and payable under the Amended First Lien Credit Agreement, the New 1.5 Lien Notes or any other secured indebtedness, the applicable noteholders and/or lenders could proceed against the collateral granted securing such. In the event that the Company's noteholders and/or lenders accelerate the repayment of the outstanding debt, the Company cannot provide assurance that it would have sufficient assets to repay such indebtedness. As a result of these restrictions, Calfrac may be:

(a) limited in how it conducts its business;

(b) unable to raise additional debt or equity financing to operate during general economic or business downturns; or

(c) unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect the Company's ability to grow in accordance with its plans.

***The New 1.5 Lien Notes will be issued with original issue discount for U.S. federal income tax purposes and a U.S. Holder will be required to pay U.S. federal income tax on the New 1.5 Lien Notes even if we do not pay interest in cash.***

For U.S. federal income tax purposes, the existence of the PIK Interest feature means that none of the interest payments on the New 1.5 Lien Notes will be qualified stated interest even if we never exercise the option to pay interest in PIK Interest. Consequently, the New 1.5 Lien Notes will be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. Because the New 1.5 Lien Notes will be issued with OID, a holder of the New 1.5 Lien Notes subject to U.S. federal income tax will be required to include such OID in gross income (as ordinary interest income) for U.S. federal income tax purposes as it accrues, in accordance with a constant yield to maturity method based on compounding of interest, before the receipt of cash payments attributable to such OID and regardless of such holder's regular method of tax accounting. See "*Income Tax Considerations – Certain United States Federal Income Tax Considerations*".

***Calfrac may not be able to obtain ratings of the New 1.5 Lien Notes and a lowering or withdrawal of any ratings assigned to the New 1.5 Lien Notes may affect the market value of the New 1.5 Lien Notes.***

The Company will use commercially reasonable efforts in order to obtain ratings of the New 1.5 Lien Notes from two credit rating agencies, however, the Company is unsure that credit rating agencies will provide the New 1.5 Lien Notes with any such rating. In the event that the Company is able to obtain ratings of the New 1.5 Lien Notes, there can be no assurance that any such rating will not be revised or withdrawn entirely by a rating agency in the future if, in the judgement of any such rating agency, circumstances warrant. Any real or anticipated changes in any such credit rating of the New 1.5 Lien Notes will generally affect the market value of the New 1.5 Lien Notes.

Holders of the New 1.5 Lien Notes may not be able to determine when a change of control giving rise to their right to have the New 1.5 Lien Notes repurchased has occurred following a sale of "substantially all" of the Company's properties and assets.

***The Senior Unsecured Noteholders receiving New 1.5 Lien Notes through the Plan of Arrangement might have difficulty enforcing civil liabilities against the Company in the United States.***

The enforcement by the Senior Unsecured Noteholders of civil liabilities under U.S. Securities Laws may be affected adversely by the fact that Calfrac is incorporated outside the United States, that some or all of its officers and directors and the experts named herein are residents of a foreign country, and that a substantial portion of the assets of the Company and said persons are located outside the United States. As a result, it may be difficult or impossible for Senior Unsecured Noteholders in the United States to effect service of process within the United States upon Calfrac and their officers and directors and the experts named herein, or to realize, against them, upon judgments of courts of the United States predicated upon civil liabilities under U.S. Securities Laws or "blue sky" laws of any state within the United States. In addition, the Senior Unsecured Noteholders in the United States should not assume that the courts of Canada or any other non-U.S. jurisdiction: (i) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under U.S. Securities Laws or "blue sky" laws of any state within the United States; or (ii) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under U.S. Securities Laws or "blue sky" laws of any state within the United States. In addition, awards of punitive damages in actions brought in Canada or elsewhere may be unenforceable in the U.S.

***Withholding Tax and Participating Debt Interest***

The Tax Act generally provides that withholding tax is not payable on interest paid or credited to non-residents of Canada that deal at arm's length with the payor. However, Canadian withholding tax applies to payments of "participating debt interest". For purposes of the Tax Act, "participating debt interest" is generally interest that is paid on an obligation where all or any portion of such interest is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any similar criterion. Under the Tax Act, when a debt obligation issued by a person resident in Canada is assigned or otherwise transferred by a non-resident person to a person resident in Canada (which would include a conversion of the obligation and a redemption or payment on maturity), the amount, if any, by which the price for which the obligation was assigned or transferred exceeds the price for which the obligation was issued is deemed to be a payment of interest on that obligation made by the person resident in Canada to the non-resident (an "excess"). The deeming rule does not apply in respect of certain "excluded obligations" (as defined in the Tax Act), although it is not clear whether a particular convertible debenture would qualify as an "excluded obligation". If a convertible debenture is not an "excluded obligation", issues that arise are whether any excess would be considered to exist, whether any such excess which is deemed to be interest is "participating debt interest", and if the excess is participating debt interest, whether that results in interest on the obligation being considered to be participating debt interest.

The CRA has stated that it would not consider the excess to be "participating debt interest", provided that the convertible debt in question satisfied that requirement of a "standard convertible debenture" (as that term is defined in a letter from the Joint Committee on Taxation of the Canadian Bar Association and the Canadian Institute of Chartered Accountants sent to the CRA on May 10, 2010) and therefore, there would be no withholding tax in such circumstances (provided that the payor and payee deal at arm's length for purposes of the Tax Act). The Company believes the New 1.5 Lien Notes should meet the criteria set forth in the CRA's statement. However, the application of the CRA's published administrative guidance to the New 1.5 Lien Notes is uncertain and there is a risk that the

CRA could take the position that amounts paid or payable to a Non-Resident Holder of New 1.5 Lien Notes on account of interest or any excess may be subject to non-resident withholding tax under the Tax Act at the rate of 25%, unless such rate is reduced under the provisions of an applicable income tax treaty or convention between Canada and country in which the Non-Resident Holder is resident. If such amounts are subject to non-resident withholding tax under the Tax Act, the Company may be obligated to pay additional amounts to the holders of the New 1.5 Lien Notes under the terms of the New 1.5 Lien Notes Indenture.

**Risk Factors Related to the Business and the Common Shares**

Certain risk factors relating to the business of the Company are contained in the AIF under the heading "*Risk Factors*". The AIF is incorporated by reference in this Circular and has been publicly filed on the Company's profile on SEDAR at www.sedar.com. Voting Parties should review and carefully consider the risk factors set forth in the AIF and consider all other information contained therein and herein and in the Company's other public filings before determining whether to vote in favour of the resolutions brought before the applicable Meeting(s).

By exchanging or converting debt for New Common Shares pursuant to the Recapitalization Transaction, Senior Unsecured Noteholders will be changing the nature of their investment from debt to equity. Equity carries certain risks that are not applicable to debt. Senior Unsecured Noteholders are provided a variety of contractual rights and remedies under the Senior Unsecured Note Documents. These rights will not be available to Senior Unsecured Noteholders that become holders of Common Shares (in such capacity) upon the Effective Date. Claims of Shareholders will be subordinated in priority to the claims of creditors in the event of an insolvency, winding up, or other distribution of the assets of Calfrac.

**Tax Risks**

The tax laws of any applicable country, province, state or territory (including Canadian and United States federal income tax laws), and the administrative application and interpretation of such laws, are subject to change. Any change in the tax laws that are applicable to Calfrac or the interests held by a Voting Party in Calfrac, or the administrative application or interpretation of such laws, could have an adverse impact on such Voting Party's interests in Calfrac.

While Calfrac is confident in its tax filing positions in connection with the Recapitalization Transaction, it has not sought or obtained from any tax authority advance confirmation of such positions, including with respect to any applicable valuation matters, therefore it is possible that such positions may be successfully challenged by tax authorities, which could result in materially different tax consequences than anticipated. It is possible that the Canadian and/or United States tax authorities could take positions or adopt interpretations regarding the applicable tax consequences to Securityholders that differ from those set out in this Circular. Securityholders should consult their own tax advisors.

## INTEREST OF EXPERTS

Certain legal matters in connection with the Recapitalization Transaction will be passed upon on behalf of Calfrac by Bennett Jones LLP. As of the date hereof, the partners and associates of Bennett Jones LLP, as a group, own, directly or indirectly, less than 1% of the outstanding Common Shares.

## ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Shareholders may request a copy of the Company's financial statements and management's discussion and analysis by contacting Investor Relations at Calfrac Well Services Ltd., Suite 500, 407 - 8th Avenue S.W., Calgary, Alberta, T2P 1E5 or by e-mail investors@calfrac.com. The Company's financial information is provided in the Company's comparative annual financial statements and management discussion and analysis for the year ended December 31, 2019.

## EXPERTS' CONSENTS

**Consent of Peters & Co. Limited**

We refer to the management information circular (the "**Circular**") of Calfrac Well Services Ltd. ("**Calfrac**") dated August 17, 2020 relating to a meeting of Senior Unsecured Noteholders and a special meeting of Shareholders to consider, among other things, an arrangement under the *Canada Business Corporations Act*.

We hereby consent to: (i) the inclusion of a summary and the complete text of our opinion concerning the fairness of the Recapitalization Transaction, from a financial point of view, to Calfrac (the "**Fairness Opinion**"); and (ii) the inclusion of the complete text of our opinion issued pursuant to CBCA Policy Statement 15.1 (the "**CBCA Opinion**" and together with the Fairness Opinion, the "**Opinions**") in the Circular, and to the references therein to our firm name and to the Opinions and to the filing of the Opinions with the Alberta Court of Queen's Bench.

(signed) "*Peters & Co. Limited*"
August 17, 2020

**Consent of Bennett Jones LLP**

We refer to the management information circular (the "**Circular**") of Calfrac Well Services Ltd. ("**Calfrac**") dated August 17, 2020 relating to a meeting of Senior Unsecured Noteholders and a special meeting of Shareholders to consider, among other things, an arrangement under the *Canada Business Corporations Act*.

We hereby consent to the inclusion of our opinions under the heading "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*" in the Circular, and to the references therein to our firm name and to such opinions.

(signed) "*Bennett Jones LLP*"
August 17, 2020

**APPENDIX "A"**
**SENIOR UNSECURED NOTEHOLDERS' ARRANGEMENT RESOLUTION**

"**BE IT RESOLVED** that:

1. the arrangement (as the same may be, or may have been, amended, modified or supplemented, the "**Arrangement**") pursuant to section 192 of the *Canada Business Corporations Act* (the "**CBCA**") of Calfrac Well Services Ltd. (the "**Corporation**"), 12178711 Canada Inc. ("**ArrangeCo**"), Calfrac (Canada) Inc., Calfrac Well Services Corp. and Calfrac Holdings LP, by its general partner, Calfrac (Canada) Inc., as more particularly described and set forth in the plan of arrangement (the "**Plan of Arrangement**") set forth in Appendix "H" to the management information circular of the Corporation dated August 17, 2020 (the "**Circular**"), be and is hereby authorized, approved and adopted;

2. the Plan of Arrangement, as it has been or may be amended, modified or supplemented in accordance with the Plan of Arrangement, is hereby authorized, approved and adopted;

3. the arrangement agreement (as the same may be, or may have been, amended, modified or supplemented, the "**Arrangement Agreement**") dated effective as of August 7, 2020, between and among the Corporation, ArrangeCo, Calfrac (Canada) Inc., Calfrac Well Services Corp. and Calfrac Holdings LP, by its general partner, Calfrac (Canada) Inc., as set forth in Appendix "G" to the Circular, is hereby authorized and approved and the action of the directors of the Corporation in approving the Arrangement Agreement and the Arrangement and the actions of the directors of the Corporation in executing and delivering the Arrangement Agreement and causing the performance by the Corporation of its obligations thereunder, is hereby ratified, authorized and approved;

4. notwithstanding the passing of this resolution or the passing of similar resolutions or the approval of the Court of Queen's Bench of Alberta, the board of directors of the Corporation, without further notice to, or approval of, the securityholders and/or debtholders of the Corporation, are hereby authorized and empowered to: (i) amend the Arrangement Agreement, the Support Agreements (as such term is defined in the Circular) or the Plan of Arrangement, to the extent permitted by their respective terms; and (ii) subject to the terms of the Arrangement Agreement, the Support Agreements and the Plan of Arrangement, to determine not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the CBCA;

5. any one director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation (whether under corporate seal or otherwise), to execute and deliver, or cause to be executed and delivered, articles of arrangement and any and all other documents, agreements and instruments and to perform, or cause to be performed, all such other acts and things, as in such person's opinion may be necessary or desirable to give full effect to these resolutions and the matters authorized hereby, including the transactions required and/or contemplated by the Arrangement, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the doing of any such act or thing; and

6. notwithstanding that this resolution has been passed by the Senior Unsecured Noteholders (as defined in the Circular) of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the Senior Unsecured Noteholders of the Corporation, at any time if such revocation is considered necessary or desirable by such directors."

**APPENDIX "B"**
**SHAREHOLDERS' RESOLUTIONS**

**FEDERAL CONTINUANCE RESOLUTION**

"**BE IT RESOLVED**, as a special resolution that:

1. the continuance of Calfrac Well Services Ltd. (the "**Corporation**") into the federal jurisdiction of Canada under the *Business Corporations Act* (Alberta) (the "**ABCA**") be and is hereby authorized and approved;

2. the Corporation make an application to the Director (the "**CBCA Director**") appointed under the *Canada Business Corporations Act* ("**CBCA**") for a certificate of continuance continuing the Corporation as a corporation to which the CBCA applies and in connection therewith, make an application to the Registrar of Corporations, Alberta ("**ABCA Registrar**") for authorization to apply for a certificate of continuance under the CBCA and for a certificate of discontinuance under the ABCA;

3. the articles of continuance of the Corporation shall be in the form attached as Appendix "C" to the management information circular of the Corporation dated August 17, 2020 (the "**Circular**"), with such technical amendments, deletions or alterations as may be considered necessary or advisable by any officer of the Corporation in order to ensure compliance with the provisions of CBCA, as the same may be amended, and the requirements of the CBCA Director thereunder;

4. subject to the issuance of such certificate of continuance by the CBCA Director and the ABCA Registrar providing a certificate of discontinuance, and without affecting the validity of the incorporation or existence of the Corporation by and under its articles or of any act done thereunder, the Corporation is authorized to approve and adopt, in substitution for the existing articles of the Corporation, the articles of continuance attached as Appendix "C" to the Circular, with any amendments, deletions or alterations made pursuant to paragraph 3;

5. subject to the issuance of such certificate of continuance by the CBCA Director and the ABCA Registrar providing a certificate of discontinuance, the Corporation is authorized to approve and adopt the By-Laws (as defined in the Circular) in the forms attached as Appendix "D" to the Circular and such By-Laws be and are hereby confirmed;

6. the board of directors of the Corporation is authorized, in its sole discretion, to abandon the application for a certificate of continuance continuing the Corporation as a corporation to which the CBCA applies, or determine not to proceed with the continuance, without further approval of the shareholders of the Corporation any time prior to the endorsement by the CBCA Director of a certificate of continuance; and

7. any officer or director of the Corporation is authorized, for and on behalf of the Corporation, to execute and deliver such documents and instruments and to take such other actions as such officer or director may determine to be necessary or advisable to implement this special resolution and the matters authorized hereby including, without limitation, the execution and filing of articles of continuance and any forms prescribed or contemplated by the CBCA with the CBCA Director and the execution and filing with the ABCA Registrar of an application to continue in another jurisdiction and evidence of the continuation under CBCA and delivery of such documents or instruments and the taking of any such actions necessary for the ABCA Registrar to issue a certificate of discontinuance under the ABCA."

## SHAREHOLDERS' ARRANGEMENT RESOLUTION

"**BE IT RESOLVED**, as a special resolution that:

1. the arrangement (as the same may be, or may have been, amended, modified or supplemented, the "**Arrangement**") pursuant to section 192 of the *Canada Business Corporations Act* (the "**CBCA**") of Calfrac Well Services Ltd. (the "**Corporation**"), 12178711 Canada Inc. ("**ArrangeCo**"), Calfrac (Canada) Inc., Calfrac Well Services Corp. and Calfrac Holdings LP, by its general partner, Calfrac (Canada) Inc. as more particularly described and set forth in the plan of arrangement (the "**Plan of Arrangement**") set forth in Appendix "H" to the management information circular of the Corporation dated August 17, 2020 (the "**Circular**"), be and is hereby authorized, approved and adopted;

2. the Plan of Arrangement, as it has been or may be amended, modified or supplemented in accordance with the Plan of Arrangement, is hereby authorized, approved and adopted;

3. the arrangement agreement (as the same may be, or may have been, amended, modified or supplemented, the "**Arrangement Agreement**") dated effective as of August 7, 2020, between and among the Corporation, ArrangeCo, Calfrac (Canada) Inc., Calfrac Well Services Corp. and Calfrac Holdings LP, by its general partner, Calfrac (Canada) Inc., as set forth in Appendix "G" to the Circular, is hereby authorized and approved and the action of the directors of the Corporation in approving the Arrangement Agreement and the Arrangement and the actions of the directors of the Corporation in executing and delivering the Arrangement Agreement and causing the performance by the Corporation of its obligations thereunder, is hereby ratified, authorized and approved;

4. notwithstanding the passing of this resolution or the passing of similar resolutions or the approval of the Court of Queen's Bench of Alberta, the board of directors of the Corporation, without further notice to, or approval of, the securityholders and/or debtholders of the Corporation, are hereby authorized and empowered to: (i) amend the Arrangement Agreement, the Support Agreements (as such term is defined in the Circular), the Commitment Letter (as such term is defined in the Circular) or the Plan of Arrangement, to the extent permitted by their respective terms; and (ii) subject to the terms of the Arrangement Agreement, the Support Agreements, the Commitment Letter and the Plan of Arrangement, to determine not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the CBCA;

5. any one director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation (whether under corporate seal or otherwise), to execute and deliver, or cause to be executed and delivered, articles of arrangement and any and all other documents, agreements and instruments and to perform, or cause to be performed, all such other acts and things, as in such person's opinion may be necessary or desirable to give full effect to these resolutions and the matters authorized hereby, including the transactions required and/or contemplated by the Arrangement, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the doing of any such act or thing; and

6. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by such directors."

## SHAREHOLDERS' TSX NOTE EXCHANGE RESOLUTION

"**BE IT RESOLVED**, as an ordinary resolution that:

1. pursuant to the terms of the management information circular (the "**Circular**") of Calfrac Well Services Ltd. (the "**Corporation**") dated August 17, 2020, the Senior Unsecured Note Exchange (as defined in the Circular) resulting in the issuance of listed securities issuable to insiders of the Corporation that, as a group, exceeds 10% of the then issued and outstanding issued and outstanding securities of the Corporation, is hereby authorized and approved;

2. any one director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation (whether under corporate seal or otherwise), to execute and deliver, or cause to be executed and delivered, any and all documents, agreements and instruments and to perform, or cause to be performed, all such other acts and things, as in such person's opinion may be necessary or desirable to give full effect to these resolutions and the matters authorized hereby, including the transactions required and/or contemplated by the Senior Unsecured Note Exchange, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the doing of any such act or thing; and

3. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by such directors."

## SHAREHOLDERS' TSX 1.5 LIEN NOTES RESOLUTION

"**BE IT RESOLVED**, as an ordinary resolution that:

1. pursuant to the terms of the management information circular (the "**Circular**") of Calfrac Well Services Ltd. (the "**Corporation**") dated August 17, 2020, the offering (the "**Offering**") of New 1.5 Lien Notes (as defined in the Circular) resulting in the issuance of listed securities:

   (a) that will materially affect control of the Corporation;

   (b) that would exceed 25% of the issued and outstanding securities and the price at which listed securities are to be issued is less than the market price of the listed securities;

   (c) with a price per listed security that will be lower than the discount to the market price permitted by the Toronto Stock Exchange; and

   (d) issuable to insiders of the Corporation that, as a group, exceeds 10% of the then issued and outstanding issued and outstanding securities of the Corporation,

   is hereby authorized and approved;

2. any one director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation (whether under corporate seal or otherwise), to execute and deliver, or cause to be executed and delivered, any and all documents, agreements and instruments and to perform, or cause to be performed, all such other acts and things, as in such person's opinion may be necessary or desirable to give full effect to these resolutions and the matters authorized hereby, including the transactions required and/or contemplated by the Offering, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the doing of any such act or thing; and

3. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by such directors."

## SHAREHOLDERS' TSX OMNIBUS INCENTIVE PLAN RESOLUTION

"**BE IT RESOLVED**, as an ordinary resolution that:

1. the omnibus long-term incentive plan (the "**Omnibus Incentive Plan**") of Calfrac Well Services Ltd. ("**Calfrac**"), substantially in the form described in the management information circular of Calfrac dated August 17, 2020, be and is hereby ratified, confirmed, approved and adopted;

2. Calfrac be and is hereby authorized to reserve and allot for issuance up to 10% of the aggregate number of issued and outstanding common shares in the capital of Calfrac from time to time pursuant to awards (as such term is defined in the Omnibus Incentive Plan) granted under the Omnibus Incentive Plan from time to time in accordance with the terms of the Omnibus Incentive Plan (less common shares reserved for issuance under other security-based compensation arrangements of Calfrac);

3. the board of directors of Calfrac be authorized to revoke this resolution before it is acted upon without requiring further approval of the shareholders of Calfrac in that regard; and

4. any director or officer of Calfrac be and is hereby authorized and directed, for and on behalf of Calfrac, to execute (whether under the corporate seal of Calfrac or otherwise) and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the true intent of these resolutions."

**SHAREHOLDERS' TSX SHAREHOLDER RIGHTS PLAN RESOLUTION**

"**BE IT RESOLVED**, as an ordinary resolution that:

1. the shareholder rights plan ("**Shareholder Rights Plan**") to be entered into between Calfrac Well Services Ltd. ("**Calfrac**") and Computershare Trust Company of Canada, as rights agent, on terms substantially similar to those described in the management information circular of Calfrac dated August 17, 2020, be and is hereby confirmed and approved;

2. subject to approval of the Shareholder Rights Plan by the Toronto Stock Exchange, Calfrac is hereby authorized and directed to execute and deliver the Shareholder Rights Plan;

3. any one director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation (whether under corporate seal or otherwise), to execute and deliver, or cause to be executed and delivered, any and all other documents, agreements and instruments and to perform, or cause to be performed, all such other acts and things, as in such person's opinion may be necessary or desirable to give full effect to these resolutions and the matters authorized hereby, including the transactions required and/or contemplated by the Shareholder Rights Plan, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the doing of any such act or thing; and

4. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by such directors."

**APPENDIX "C"**
**CBCA ARTICLES OF CONTINUANCE**

Innovation, Science and Economic Development Canada
Corporations Canada

Innovation, Sciences et Développement économique Canada
Corporations Canada

# *Canada Business Corporations Act* (CBCA)
# FORM 11
# ARTICLES OF CONTINUANCE
# (Section 187)

**1 - Corporate name**

Calfrac Well Services Ltd.

**2 – The province or territory in Canada where the registered office is situated** (do not indicate the full address)

Alberta

**3 – The classes and any maximum number of shares that the corporation is authorized to issue**

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

**4 – Restrictions, if any, on share transfers**

None.

**5 – Minimum and Maximum number of directors** (for a fixed number of directors, indicate the same number in both boxes)

**Minimum number** 3 **Maximum number** 15

**6 – Restrictions, if any, on the business the corporation may carry on**

None

**7 – (1) If change of name effected, previous name**

**(2) Details of Incorporation**

Amalgamated in Alberta on January 1, 2011 under No. 2015773746.

**8 – Other provisions, if any**

The attached Schedule of Other Provisions is incorporated into and forms part of this form.

**9 – Declaration**

I hereby certify that I am a director or an authorized officer of the corporation continuing into the CBCA.

| Print name: | Signature |
|---|---|
| | |

**Note:** Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).



Canada

## SCHEDULE OF SHARE CAPITAL

The Class A Common Shares of Calfrac Well Services Ltd. ("the Corporation") shall be called "Common Shares" and shall have attached thereto the following special rights and restrictions:

(a) **Voting**. The holders of the Common Shares or a fraction thereof shall be entitled to receive notice of or to attend and vote at all meetings of the shareholders of the Corporation.

(b) **Dividends**. Subject to the rights of holder of any other class of shares, the holders of the Common Shares shall in each year, in the discretion of the directors, be entitled out of the monies lawfully available for dividends to pay such non-cumulative, non-preferential dividends payable at such times and in such amounts as may be determined in the absolute discretion of the Directors from time to time.

(c) **Liquidation, Dissolution or Winding-Up.** Subject to the rights of the holders of any other class of shares, in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purposes of winding up its affairs, the remaining property and assets of the Corporation shall be distributed rateably to the holders of the Common Shares.

## SCHEDULE OF OTHER PROVISIONS

1. In addition to, and without limiting such other powers which the Corporation may by law possess, the directors of the Corporation may without authorization of the shareholders:

   (a) borrow money on the credit of the Corporation;

   (b) issue, reissue, sell or pledge debt obligations of the Corporation; and

   (c) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

2. 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, provided that the number of additional directors so appointed shall not at any time exceed one-third (1/3) of the number of directors who held office at the expiration of the last meeting of the shareholders of the Corporation.

**APPENDIX "D"**
**NEW BY-LAWS**

# CALFRAC WELL SERVICES LTD.

# BY-LAW NO. 1

# INDEX

# CALFRAC WELL SERVICES LTD.

## BY-LAW NO. 1

A by-law relating generally to the conduct of the business and affairs of Calfrac Well Services Ltd. (hereinafter called the "Corporation") is hereby made as follows:

### DEFINITIONS

1. In this by-law and all other by-laws of the Corporation, unless the context otherwise specifies or requires:

(a) "Act" means the *Canada Business Corporations Act* and the regulations made thereunder, as from time to time amended, and in the case of such amendment any reference in the by-laws shall be read as referring to the amended provisions thereof;

(b) "board" means the board of directors of the Corporation;

(c) "by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;

(d) all terms used in the by-laws that are defined in the Act and are not otherwise defined in the by-laws shall have the meanings given to such terms in the Act;

(e) 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

(f) the headings used in the by-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

### REGISTERED OFFICE

2. The Corporation shall at all times have a registered office in the province in Canada specified in its articles. The directors of the Corporation may change the place and address of the registered office within the province specified in its articles.

### SEAL

3. The directors may by resolution from time to time adopt and change a corporate seal of the Corporation.

### DIRECTORS

4. Number. The number of directors shall be the number fixed by the articles, or where the articles specify a variable number, the number shall be not less than the minimum and not more than the maximum number so specified and shall be determined from time to time within such limits by the board. Subject to section 105 of the Act, at least twenty-five percent of the directors of the Corporation, or such other number of directors (if any) as may be prescribed by

the Act from time to time, shall be resident Canadians. If the Corporation has less than four directors, at least one director shall be a resident Canadian.

5. Vacancies. Subject to section 111 of the Act, a quorum of directors may fill a vacancy among the directors, except a vacancy resulting from an increase in the number or minimum or maximum number of directors or from a failure to elect the number or minimum number of directors provided for in the articles. If there is not a quorum of directors, or if there has been a failure to elect the number or minimum number of directors provided for in the articles, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.

A director appointed or elected to fill a vacancy holds office for the unexpired term of his or her predecessor.

6. Powers. The directors shall manage, or supervise the management of, the business and affairs of the Corporation and may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation and are not expressly directed or required to be done in some other manner by the Act, the articles, the by-laws, any special resolution of the shareholders of the Corporation or by statute.

7. Duties. Every director and officer of the Corporation in exercising his or her powers and discharging his or her duties shall:

(a) act honestly and in good faith with a view to the best interests of the Corporation; and

(b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

8. Qualification. The following persons are disqualified from being a director of the Corporation:

(a) anyone who is less than 18 years of age;

(b) anyone who is of unsound mind and has been so found by a court in Canada or elsewhere;

(c) a person who is not an individual; and

(d) a person who has the status of bankrupt.

Unless the articles otherwise provide, a director of the Corporation is not required to hold shares issued by the Corporation.

9. Term of Office. A director's term of office (subject to any applicable provisions of the Corporation's articles and subject to the election of such director for an expressly stated term) shall be from the date such director is elected or appointed until the close of the first annual meeting of shareholders following such director's election or appointment or until a successor to such director is elected or appointed.

10. Election. Subject to sections 106 and 107 of the Act, the shareholders of the Corporation shall at the first meeting of shareholders and at each succeeding annual meeting at which an election of directors is required, elect directors to hold office for a term expiring not later than the close of the third annual meeting of shareholders following the election. A director not elected for an expressly stated term ceases to hold office at the close of the first annual meeting of shareholders following his or her election but, if qualified, is eligible for re-election. Notwithstanding the foregoing, if directors are not elected at a meeting of shareholders, the incumbent directors continue in office until their successors are elected.

If a meeting of shareholders fails to elect the number or the minimum number of directors required by the articles by reason of the lack of consent, disqualification, incapacity or death of any candidates, the directors elected at that meeting may exercise all the powers of the directors if the number of directors so elected constitutes a quorum.

11. Consent to Election. A person who is elected or appointed as a director is not a director unless such person was present at the meeting when the person was elected or appointed and did not refuse to act as a director or, if the person was not present at the meeting when the person was elected or appointed, the person consented to act as a director in writing before the person's election or appointment or within 10 days after it or the person has acted as a director pursuant to the election or appointment.

12. Removal. Subject to sections 107 and 109 of the Act, the shareholders of the Corporation may by ordinary resolution at a special meeting remove any director from office before the expiration of his or her term of office and may, subject to the Act, elect any person in his or her stead for the remainder of the director's term.

13. Vacation of Office. A director of the Corporation ceases to hold office when:

(a) the director dies or resigns;

(b) the director is removed from office; or

(c) the director becomes disqualified under section 105(1) of the Act.

A resignation of a director becomes effective at the time a written resignation is sent to the Corporation, or at the time specified in the resignation, whichever is later.

14. Validity of Acts. An act of a director or officer is valid notwithstanding an irregularity in the director's or officer's election or appointment or a defect in the director's or officer's qualification.

## MEETINGS OF DIRECTORS

15. Place of Meeting. Unless the articles otherwise provide, meetings of directors and of any committee of directors may be held at any place. A meeting of directors may be convened by the Chairman of the Board (if any), the President (if any) or any director at any time and the Secretary (if any) or any other officer or any director shall, as soon as reasonably practicable following receipt of a direction from any of the foregoing, send a notice of the applicable meeting to the directors.

16. Notice. Notice of the time and place for the holding of any meeting of directors or of any committee of directors shall be sent to each director or each director who is a member of such committee, as the case may be, not less than 48 hours before the time of the meeting; provided that a meeting of directors or of any committee of directors may be held at any time without notice if all the directors or members of such committee are present (except where a director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all the absent directors waive notice of the meeting. The notice of a meeting of directors shall specify any matter referred to in subsection (3) of section 115 of the Act that is to be dealt with at the meeting, but need not specify the purpose or the business to be transacted at the meeting.

For the first meeting of directors to be held following the election of directors at an annual or special meeting of the shareholders or for a meeting of directors at which a director is appointed to fill a vacancy in the board, no notice of such meeting need be given to the newly elected or appointed director or directors in order for the meeting to be duly constituted, provided a quorum of the directors is present.

17. Waiver of Notice. Notice of any meeting of directors or of any committee of directors or the time for the giving of any such notice or any irregularity in any meeting or in the notice thereof may be waived by any director in writing or by facsimile or electronic mail addressed to the Corporation or in any other manner, and any such waiver may be validly given either before or after the meeting to which such waiver relates. Attendance of a director at any meeting of directors or of any committee of directors is a waiver of notice of such meeting, except when a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

18. Omission of Notice. The accidental omission to give notice of any meeting of directors or of any committee of directors to or the non-receipt of any notice by any person shall not invalidate any resolution passed or any proceeding taken at such meeting.

19. Electronic, Telephone Participation Etc. A director may participate in a meeting of directors or of any committee of directors by means of telephone or other communication facilities that permit all persons participating in the meeting to hear each other, and a director participating in a meeting by those means is deemed for the purposes of the Act and this by-law to be present at that meeting.

20. Adjournment. Any meeting of directors or of any committee of directors may be adjourned from time to time by the chairman of the meeting, with the consent of the meeting, to a fixed time and place. Notice of an adjourned meeting of directors or committee of directors is not required to be given if the time and place of the adjourned meeting is announced at the original meeting. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The directors who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment. Any business may be brought before or dealt with at the adjourned meeting that might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

21. Quorum and Voting. Subject to the articles and any agreement to which the Corporation is a party, a majority of the number of directors constitutes a quorum at any meeting of directors and, notwithstanding any vacancy among the directors, a quorum of directors may exercise all the powers of the directors. Subject to section 111 of the Act and subsections (3) and (4) of section 114 of the Act, directors shall not transact business at a meeting of directors unless a quorum is present and at least twenty-five percent (25%) of the directors present are resident Canadians. Questions arising at any meeting of directors shall be decided by a majority of votes. In the case of an equality of votes, the chairman of the meeting in addition to his original vote shall not have a second or casting vote.

22. Resolution in Lieu of Meeting. A resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of directors or committee of directors, is as valid as if it had been passed at a meeting of directors or committee of directors. A resolution in writing dealing with all matters required by the Act or this by-law to be dealt with at a meeting of directors, and signed by all the directors entitled to vote at that meeting, satisfies all the requirements of the Act and this by-law relating to meetings of directors.

## COMMITTEES OF DIRECTORS

23. General. The directors may from time to time appoint from their number a managing director, who must be a resident Canadian, or a committee of directors, and may delegate to the managing director or such committee any of the powers of the directors, except that (unless the Act otherwise permits) no managing director or committee shall have the authority to:

(a) submit to the shareholders any question or matter requiring the approval of the shareholders;

(b) fill a vacancy among the directors or in the office of auditor, or appoint additional directors;

(c) issue securities except as authorized by the directors;

(d) issue shares of a series under section 27 of the Act except as authorized by the directors;

(e) declare dividends;

(f) purchase, redeem or otherwise acquire shares issued by the Corporation;

(g) pay a commission referred to in section 41 of the Act except as authorized by the directors;

(h) approve a management proxy circular;

(i) approve a take-over bid circular or directors' circular;

(j) approve any financial statements referred to in section 155 of the Act; or

(k) adopt, amend or repeal by-laws of the Corporation; or

(l) exercise any other power which under the Act a committee of directors has no authority to exercise.

Notwithstanding the foregoing and subject to the articles, the directors may, by resolution, delegate to a director, a committee of directors or an officer the power to:

(a) borrow money on the credit of the Corporation;

(b) issue, reissue, sell or pledge or hypothecate debt obligations of the Corporation;

(c) give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and

(d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the corporation, owned or subsequently acquired, to secure any obligation of the corporation.

24. Audit Committee. Subject to subsection (2) of section 171 of the Act, so long as the Corporation remains a "distributing corporation", any of the issued securities of which remain outstanding and are held by more than one person, the directors shall appoint from among their number an audit committee to be composed of not fewer than three directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates. At any time when the Corporation is not a "distributing corporation", any of the issued securities of which remain outstanding and are held by more than one person, the directors may (but shall not be required to) appoint from among their number an audit committee to be composed of such number of directors as may be determined by the board from time to time in accordance with the Act.

Each member of the audit committee shall serve during the pleasure of the board and, in any event, only so long as such member shall be a director. The directors may fill vacancies in the audit committee by election from among their number.

The audit committee shall have power to fix its quorum at not less than a majority of its members and to determine its own rules of procedure subject to any requirements imposed by the board from time to time and to the following paragraph.

The auditor of the Corporation is entitled to receive notice of every meeting of the audit committee and, at the expense of the Corporation, to attend and be heard thereat, and, if so requested by a member of the audit committee, shall attend every meeting of the committee held during the term of office of the auditor. The auditor of the Corporation or any member of the audit committee may call a meeting of the audit committee.

The audit committee shall review the financial statements of the Corporation referred to in section 155 of the Act prior to approval thereof by the board and shall have such other powers and duties as may from time to time by resolution be assigned to it by the board.

## REMUNERATION OF DIRECTORS, OFFICERS AND EMPLOYEES

25. Subject to the articles, the directors of the Corporation may fix the remuneration of the directors, officers and employees of the Corporation. Any remuneration paid to a director of the Corporation shall be in addition to the salary paid to such director in his or her capacity as an

officer or employee of the Corporation. The directors may also by resolution award special remuneration to any director in undertaking any special services on the Corporation's behalf other than the routine work ordinarily required of a director of the Corporation. The confirmation of any such resolution by the shareholders shall not be required. The directors, officers and employees shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Corporation.

## SUBMISSION OF CONTRACTS OR TRANSACTIONS TO SHAREHOLDERS FOR APPROVAL

26. The directors in their discretion may submit any contract, act or transaction for approval, ratification or confirmation at any annual meeting of the shareholders or at any special meeting of the shareholders called for the purpose of considering the same and any contract, act or transaction that shall be approved, ratified or confirmed by resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or other applicable law or by the Corporation's articles or any other by-law) shall be as valid and as binding upon the Corporation and upon all the shareholders as though it had been approved, ratified and/or confirmed by every shareholder of the Corporation.

## CONFLICT OF INTEREST

27. A director or an officer of the Corporation shall disclose to the Corporation, in writing or by requesting to have it entered in the minutes of meetings of directors or of meetings of committees of directors at the time and in the manner provided in the Act, the nature and extent of any interest that he or she has in a material contract or material transaction, whether made or proposed, with the Corporation, if the director or officer is a party to the contract or transaction, is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction, or has a material interest in a party to the contract or transaction. Except as provided in the Act, no such director of the Corporation shall vote on any resolution to approve such contract or transaction. A contract or transaction for which disclosure is required is not invalid, and the director or officer is not accountable to the Corporation or its shareholders for any profit realized from the contract or transaction, because of the director's or officer's interest in the contract or transaction or because the director was present or was counted to determine whether a quorum existed at the meeting of directors or committee of directors that considered the contract or transaction, if the director or officer disclosed his interest in accordance with the provisions of the Act and the contract or transaction was approved by the directors, and it was reasonable and fair to the Corporation when it was approved. Even if these conditions are not met, a director or officer, acting honestly and in good faith, is not accountable to the Corporation or to its shareholders for any profit realized from a contract or transaction for which disclosure is required, and the contract or transaction is not invalid by reason only of the interest of the director or officer in the contract or transaction, if the contract or transaction is approved or confirmed by special resolution at a meeting of the shareholders, disclosure of the interest was made to the shareholders in a manner sufficient to indicate its nature before the contract or transaction was approved or confirmed and the contract or transaction was reasonable and fair to the Corporation when it was approved or confirmed.

## FOR THE PROTECTION OF DIRECTORS AND OFFICERS

28. No director or officer of the Corporation shall be liable to the Corporation for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the monies of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation including any person, firm or corporation with whom or which any monies, securities or effects shall be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any monies, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever that may happen in the execution of the duties of such director's or officer's respective office of trust or in relation thereto, unless the same shall happen by or through the director's or officer's failure to exercise the powers and to discharge the duties of office honestly, in good faith with a view to the best interests of the Corporation, and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, provided that nothing herein contained shall relieve a director or officer from the duty to act in accordance with the Act or relieve such director or officer from liability under the Act. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact that the director or officer is a shareholder, director or officer of the Corporation or body corporate or member of the firm shall not disentitle such director or officer or such firm or body corporate, as the case may be, from receiving proper remuneration for such services.

## INDEMNITIES TO DIRECTORS AND OTHERS

29. (1) The Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, or any other individual permitted by the Act to be so indemnified in the manner and to the fullest extent permitted by the Act. Without limiting the generality of the foregoing, subject to section 124 of the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including costs incurred in the defence of an action or proceeding and an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity.

(2) The Corporation shall advance moneys to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in Paragraph 29(1). The individual shall repay the moneys if the individual does not fulfill the conditions of Paragraph 29(3).

(3) Notwithstanding anything in this paragraph 29, a person referred to in subparagraph 29(1) shall be entitled to indemnity from the Corporation in respect of all costs, charges and expenses reasonably incurred by him in connection with the defence of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or body corporate, if the person seeking indemnity:

(a) was substantially successful on the merits of his defence of the action or proceeding; and

(b) fulfills the conditions set out in subparagraph 29(1) hereof.

(4) The Corporation shall not indemnify an individual under Paragraph 29(1) unless the individual:

(a) acted honestly and in good faith with a view to the best interests of the Corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

(5) The Corporation shall, with the approval of a court, indemnify an individual referred to in Paragraph 29(1), or advance moneys under Paragraph 29(2), in respect of an action by or on behalf of the Corporation or other entity to procure a judgment in its favour, to which the individual is made a party because of the individual's association with the Corporation or other entity as described in Paragraph 29(1) against all costs, charges and expenses reasonably incurred by the individual in connection with such action, if the individual fulfills the conditions set out in Paragraph 29(3).

(6) The Corporation may purchase and maintain insurance for the benefit of any individual referred to in Paragraph 29(1) to the extent permitted by the Act.

## OFFICERS

30. Appointment of Officers. Subject to the articles, the directors annually or as often as may be required may appoint from among themselves a Chairman of the Board (either on a full-time or part-time basis) and may appoint a President, one or more Vice-Presidents (to which title may be added words indicating seniority or function), a Secretary, a Treasurer and one or more assistants to any of the officers so appointed. None of such officers except the Chairman of the Board needs to be a director of the Corporation although a director may be appointed to any office of the Corporation. Two or more offices of the Corporation may be held by the same person. The directors may from time to time appoint such other officers (including a chief executive officer or chief operating officer), employees and agents as they shall deem necessary who shall have such authority and shall perform such functions and duties as may from time to time be prescribed by resolution of the directors. The directors may from time to time and subject to the provisions of the Act, vary, add to or limit the duties and powers of any officer, employee or agent.

31. Removal of Officers and Vacation of Office. Subject to the articles, all officers, employees and agents, shall be subject to removal by resolution of the directors at any time, with or without cause.

An officer of the Corporation ceases to hold office when such officer dies, resigns or is removed from office. A resignation of an officer becomes effective at the time a written resignation is sent to the Corporation, or at the time specified in the resignation, whichever is later.

32. Vacancies. If the office of Chairman of the Board, President, Vice-President, Secretary, Treasurer, or any other office created by the directors pursuant to Paragraph 30 hereof shall be or become vacant by reason of death, resignation, removal from office or in any other manner whatsoever, the directors may appoint an individual to fill such vacancy.

33. Chairman of the Board. The Chairman of the Board (if any) shall, if present, preside as chairman at all meetings of the board and at all meetings of the shareholders of the Corporation. The Chairman of the Board shall sign such contracts, documents or instruments in writing as require his or her signature and shall have such other powers and shall perform such other duties as may from time to time be assigned to him or her by resolution of the directors.

34. President. The President (if any) shall, subject to the direction of the board, exercise general supervision and control over the business and affairs of the Corporation. In the absence of the Chairman of the Board (if any), and if the President is also a director of the Corporation, the President shall, when present, preside as chairman at all meetings of directors and the shareholders of the Corporation. The President shall sign such contracts, documents or instruments in writing as require his or her signature and shall have such other powers and shall perform such other duties as may from time to time be assigned to him or her by resolution of the directors or as are incident to his or her office.

35. Vice-President. The Vice-President (if any) or, if more than one, the Vice-Presidents in order of seniority, shall be vested with all the powers and shall perform all the duties of the President in the absence or inability or refusal to act of the President, provided, however, that a Vice-President who is not a director shall not preside as chairman at any meeting of directors or shareholders. The Vice-President or, if more than one, the Vice-Presidents shall sign such contracts, documents or instruments in writing as require his or her or their signatures and shall have such other powers and shall perform such other duties as may from time to time be assigned to him or her or them by resolution of the directors.

36. Secretary. Unless another officer has been appointed for that purpose, the Secretary (if any) shall give or cause to be given notices for all meetings of directors, any committee of directors and shareholders when directed to do so and shall, subject to the provisions of the Act, maintain the records referred to in subsections (1) and (2) of section 20 of the Act. The Secretary shall sign such contracts, documents or instruments in writing as require the signature of the Secretary and shall have such other powers and shall perform such other duties as may from time to time be assigned to the Secretary by resolution of the directors or as are incident to the office of the Secretary.

37. Treasurer. Subject to the provisions of any resolution of the directors, the Treasurer (if any) or such other officer who has been appointed for that purpose shall have the care and

custody of all the funds and securities of the Corporation and shall deposit the same in the name of the Corporation in such bank or banks or with such other depositary or depositaries as the directors may by resolution direct; provided that the Treasurer may from time to time arrange for the temporary deposit of moneys of the Corporation in banks, trust companies or other financial institutions within or outside Canada not so directed by the board for the purpose of facilitating transfer thereof to the credit of the Corporation in a bank, trust company or other financial institution so directed. Unless another officer has been appointed for that purpose, the Treasurer shall prepare and maintain adequate accounting records. The Treasurer shall sign such contracts, documents or instruments in writing as require the signature of the Treasurer and shall have such other powers and shall perform such other duties as may from time to time be assigned to such person by resolution of the directors or as are incident to the office of the Treasurer. The Treasurer may be required to give such bond for the faithful performance of his or her duties as the directors in their sole discretion may require and no director shall be liable for failure to require any such bond or for the insufficiency of any such bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided.

38. Assistant Secretary and Assistant Treasurer. The Assistant Secretary (if any) or, if more than one, the Assistant Secretaries in order of seniority, and the Assistant Treasurer (if any) or, if more than one, the Assistant Treasurers in order of seniority, shall assist the Secretary and Treasurer, respectively, in the performance of his or her duties and shall be vested with all the powers and shall perform all the duties of the Secretary and Treasurer, respectively, in the absence or inability or refusal to act of the Secretary or Treasurer as the case may be. The Assistant Secretary or, if more than one, the Assistant Secretaries and the Assistant Treasurer or, if more than one, the Assistant Treasurers shall sign such contracts, documents or instruments in writing as require his or her or their signatures, respectively, and shall have such other powers and shall perform such other duties as may from time to time be assigned to him or her or them by resolution of the directors.

39. Managing Director. The Managing Director (if any) shall conform to all lawful orders given to him or her by the directors and shall at all reasonable times give to the directors or any of them all information they may require regarding the affairs of the Corporation.

40. Duties of Officers may be Delegated. In case of the absence or inability or refusal to act of any officer of the Corporation or for any other reason that the directors may deem sufficient, the directors may delegate all or any of the powers of such officer to any other officer or to any director for the time being.

41. Agents and Attorneys. The Corporation shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including the power to subdelegate) of management, administration or otherwise as may be thought fit.

## SHAREHOLDERS' MEETINGS

42. Annual Meeting. Subject to sections 132 and 133 of the Act, the annual meeting of shareholders shall be held at a place within Canada (or outside Canada if the place is specified in the articles or all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place) determined by the directors on such day in each year and at such time as the directors may determine.

43. Special Meetings. The directors of the Corporation may at any time call a special meeting of shareholders to be held on such day and at such time and, subject to section 132 of the Act, at such place within Canada (or outside Canada if the place is specified in the articles) as the directors may determine.

44. Meeting on Requisition of Shareholders. The holders of not less than five percent (5%) of the issued shares of the Corporation that carry the right to vote at a meeting sought to be held may requisition the directors to call a meeting of shareholders for the purposes stated in the requisition. The requisition shall state the business to be transacted at the meeting and shall be sent to each director and to the registered office of the Corporation. Subject to subsection (3) of section 143 of the Act, upon receipt of the requisition, the directors shall call a meeting of shareholders to transact the business stated in the requisition (but if the directors are obligated to call a meeting and do not do so within 21 days after receiving the requisition, any shareholder who signed the requisition may call the meeting).

45. Participation in Meetings by Electronic Means. Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the Act, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility and a person participating in a meeting by those means is deemed for the purposes of the Act and the by-laws to be present at the meeting.

46. Meetings held by Electronic Means. If the directors or the shareholders of the Corporation call a meeting of shareholders pursuant to the Act, those directors or shareholders, as the case may be, may determine that the meeting shall be held, in accordance with the Act, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

47. Notice. A notice in writing of a meeting of shareholders stating the day, hour and place of meeting and if special business is to be transacted thereat, stating (i) the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment on that business and (ii) the text of any special resolution to be submitted to the meeting, shall be sent to each shareholder entitled to vote at the meeting, who on the record date for notice is registered on the records of the Corporation or its transfer agent as a shareholder, to each director of the Corporation and to the auditor of the Corporation not less than 21 days and not more than 60 days (exclusive of the day of mailing and of the day for which notice is given) before the date of the meeting.

48. Waiver of Notice. Notice of any meeting of shareholders or the time for the giving of any such notice or any irregularity in any meeting or in the notice thereof may be waived by any shareholder, the duly appointed proxy of any shareholder, any director or the auditor of the Corporation in writing or by facsimile or other form of recorded electronic transmission addressed to the Corporation or in any other manner and any such waiver may be validly given either before or after the meeting to which such waiver relates. Attendance of a shareholder or any other person entitled to attend at a meeting of shareholders is a waiver of notice of such meeting, except when he or she attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

49. Omission of Notice. The accidental omission to give notice of any meeting of shareholders to or the non-receipt of any notice by any person shall not invalidate any resolution passed or any proceeding taken at any such meeting.

50. Record Dates. Subject to subsection (3) of section 134 of the Act, the directors may, within the period prescribed by the Act, fix in advance a date as the record date for the determination of shareholders (i) entitled to receive payment of a dividend, (ii) entitled to participate in a liquidation distribution, (iii) entitled to receive notice of a meeting of shareholders, (iv) entitled to vote at a meeting of shareholders, or (v) for any other purpose.

If no record date is fixed,

(a) the record date for the determination of shareholders entitled to receive notice of a meeting of shareholders shall be

(i) at the close of business on the last business day preceding the day on which the notice is given; or

(ii) if no notice is given, the day on which the meeting is held; and

(b) the record date for the determination of shareholders for any purpose other than to establish a shareholder's right to receive notice of a meeting or to vote shall be at the close of business on the day on which the directors pass the resolution relating to that purpose.

51. Chairman of the Meeting. In the absence of the Chairman of the Board (if any), the President (if any) and any Vice-President (who is a director), the shareholders present and entitled to vote shall elect a director of the Corporation as chairman of the meeting and if no director is present or if all the directors present decline to take the chair then the shareholders present shall elect one of their number to be chairman.

52. Votes. Votes at meetings of shareholders may be cast either personally or by proxy. Subject to the Act and Paragraph 53, every question submitted to any meeting of shareholders shall be decided on a show of hands, except when a ballot is required by the chairman of the meeting or is demanded by a shareholder or proxyholder entitled to vote at the meeting or is otherwise required by the Act. A shareholder or proxyholder may demand a ballot either before or after any vote by a show of hands. At every meeting at which shareholders are entitled to vote, each shareholder present on his own behalf and every proxyholder present shall have one vote. Upon any ballot at which shareholders are entitled to vote, each shareholder present on his own behalf or by proxy shall (subject to the provisions, if any, of the articles) have one vote for every share registered in the name of such shareholder. In the case of an equality of votes under this paragraph, the chairman of the meeting shall not have a second or casting vote in addition to the vote or votes to which he or she may be entitled as a shareholder or proxyholder.

At any meeting, unless a ballot is demanded, an entry in the minutes for the applicable meeting, following a vote on the applicable resolution by a show of hands, to the effect that the chairman of the meeting declared a resolution to be carried or defeated is, in the absence of evidence to the contrary, proof of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution, although the chairman may direct that a record be

kept of the number or proportion of votes in favour of or against the resolution for any purpose the chairman of the meeting considers appropriate.

If at any meeting a ballot is demanded on the election of a chairman for the meeting or on the question of adjournment or termination, the ballot shall be taken forthwith without adjournment. If a ballot is demanded on any other question or as to the election of directors, the ballot shall be taken in such manner and either at once or later at the meeting or after adjournment as the chairman of the meeting directs. The result of a ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded. A demand for a ballot may be withdrawn.

53. Electronic Voting. Any person participating in a meeting of shareholders by telephonic, electronic or other communication facility under Paragraph 45 or Paragraph 46 and entitled to vote at that meeting may vote, in accordance with the Act, by means of the telephonic, electronic or other communication facility that the Corporation has made available for that purpose. Despite Paragraph 52, any vote referred to in Paragraph 52 may be held, in accordance with the Act, entirely by means of a telephonic, electronic or other communication facility, if the Corporation makes available such a communication facility, in accordance with the Act.

54. Right to Vote. Unless the articles otherwise provide, each share of the Corporation entitles the holder of such share to one vote at a meeting of shareholders.

Where a body corporate or a trust, association or other unincorporated organization is a shareholder of the Corporation, any individual authorized by a resolution of the directors of the body corporate or the directors, trustees or other governing body of the association, trust or unincorporated organization, to represent it at meetings of shareholders of the Corporation shall be recognized as the person entitled to vote at all such meetings of shareholders in respect of the shares held by such body corporate or by such trust, association or other unincorporated organization and the chairman of the meeting may establish or adopt rules or procedures in relation to the recognition of a person to vote shares held by such body corporate or by such trust, association or other unincorporated organization.

Where a person holds shares as a personal representative, such person or his or her proxy is the person entitled to vote at all meetings of shareholders in respect of the shares so held by him or her, and the chairman of the meeting may establish or adopt rules or procedures in relation to the recognition of such person to vote the shares in respect of which such person has been appointed as a personal representative.

Where a person mortgages, pledges or hypothecates his or her shares, such person or such person's proxy is the person entitled to vote at all meetings of shareholders in respect of such shares so long as such person remains the registered owner of such shares unless, in the instrument creating the mortgage, pledge or hypothec, the person has expressly empowered the person holding the mortgage, pledge or hypothec to vote in respect of such shares, in which case, subject to the articles, such holder or such holder's proxy is the person entitled to vote in respect of the shares and the chairman of the meeting may establish or adopt rules or procedures in relation to the recognition of the person holding the mortgage, pledge or hypothec as the person entitled to vote in respect of the applicable shares.

Where two or more persons hold shares jointly, one of those holders present at a meeting of shareholders may in the absence of the others vote the shares, but if two or more of those persons who are present on their own behalf or by proxy, vote, they shall vote as one on the shares jointly held by them and the chairman of the meeting may establish or adopt rules or procedures in that regard.

55. Proxies. Every shareholder, including a shareholder that is a body corporate or a trust, association or other unincorporated organization, entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder or one or more alternate proxyholders, who are not required to be shareholders, to attend and act at the meeting in the manner and to the extent authorized by the proxy and with the authority conferred by the proxy.

An instrument appointing a proxyholder shall be in written form executed by the shareholder or by such shareholder's duly authorized attorney or be in the form of an electronic document executed as contemplated by the Act by the shareholder or by his duly authorized attorney and shall conform with the requirements of the Act and is valid only at the meeting in respect of which it is given or any adjournment of that meeting. An instrument appointing a proxyholder may be in any form which complies with the requirements of the Act.

The directors may specify in a notice calling a meeting of shareholders a time not exceeding 48 hours, excluding Saturdays and holidays, preceding the meeting or an adjournment of the meeting before which time proxies to be used at the meeting must be deposited with the Corporation or its agent.

The chairman shall conduct the proceedings at the meeting and the chairman's decision in any matter or thing, including, without limitation, any question regarding the validity or invalidity of any instruments of proxy and any question as to the admission or rejection of a vote, shall be conclusive and binding upon the shareholders.

56. Adjournment. The chairman of the meeting may with the consent of the meeting adjourn any meeting of shareholders from time to time to a fixed time and place and if the meeting is adjourned by one or more adjournments for an aggregate of less than 30 days it is not necessary to give notice of the adjourned meeting other than by announcement at the time of an adjournment. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting but, unless the meeting is adjourned by one or more adjournments for an aggregate of more than 90 days, subsection (1) of section 149 of the Act does not apply.

Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The persons who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment. Any business may be brought before or dealt with at any adjourned meeting that might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

57. Quorum. Two persons present and holding or representing by proxy at least twenty five per cent (25%) of the shares entitled to vote at the meeting shall be a quorum. If a quorum is present at the opening of a meeting of shareholders, the shareholders present may proceed with

the business of the meeting, notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of shareholders, the shareholders present may adjourn the meeting to a fixed time and place but my not transact any other business.

58. Persons Entitled to be Present. The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

59. Resolution in Lieu of Meeting. A resolution in writing signed by all the shareholders entitled to vote on that resolution is as valid as if it had been passed at a meeting of the shareholders except where a written statement is submitted by a director under subsection (2) of section 110 of the Act or by an auditor under subsection (5) of section 168 of the Act.

## SHARES AND TRANSFERS

60. Issuance. Subject to the articles and to section 28 of the Act, shares in the Corporation may be issued at the times and to the persons and for the consideration that the directors determine; provided that a share shall not be issued until the consideration for the share is fully paid in money or in property or past service that is not less in value than the fair equivalent of the money that the Corporation would have received if the share had been issued for money.

61. Security Certificates. Security certificates (if any) shall (subject to compliance with section 49 of the Act) be in such form as the directors may from time to time by resolution approve and such certificates shall be signed manually, or the signature shall be printed or otherwise mechanically reproduced on the certificate, by at least one director or officer of the Corporation or by a registrar, transfer agent or branch transfer agent of the Corporation or an individual on their behalf, or by a trustee who certifies it in accordance with a trust indenture, and any additional signatures required on a security certificate may be printed or otherwise mechanically reproduced thereon. If a security certificate contains a printed or mechanically reproduced signature of a person, the Corporation may issue the security certificate, notwithstanding that the person has ceased to be a director or an officer of the Corporation, and the security certificate is as valid as if he or she were a director or an officer at the date of its issue.

62. Agent. The directors may from time to time by resolution appoint or remove an agent to maintain a central securities register and one or more branch securities registers for the Corporation.

63. Dealings with Registered Holder. Subject to the Act, the Corporation may treat the registered owner of a security as the person exclusively entitled to vote, to receive notices, to receive any interest, dividends or other payments in respect of the security, and otherwise to exercise all the rights and powers of an owner of the security.

64. Surrender of Security Certificates. Subject to the Act, no transfer of a security issued by the Corporation shall be registered unless or until the security certificate representing the security to be transferred has been presented for registration or, if no security certificate has been issued

by the Corporation in respect of such security, unless or until a duly executed transfer in respect thereof has been presented for registration.

65. Defaced, Destroyed, Stolen or Lost Security Certificates. In case of the defacement, destruction, theft or loss of a security certificate, the fact of such defacement, destruction, theft or loss shall be reported by the owner to the Corporation or to an agent of the Corporation (if any), on behalf of the Corporation, with a statement verified by oath or statutory declaration as to the defacement, destruction, theft or loss and the circumstances concerning the same and with a request for the issuance of a new security certificate to replace the one so defaced (together with the surrender of the defaced security certificate), destroyed, stolen or lost. Upon the giving to the Corporation (or if there be an agent, hereinafter in this paragraph referred to as the "Corporation's agent", then to the Corporation and Corporation's agent) of a bond of a surety company (or other security approved by the directors) in such form as is approved by the directors or by any officer of the Corporation, indemnifying the Corporation (and the Corporation's agent if any) against all loss, damage or expense, which the Corporation and/or the Corporation's agent may suffer or be liable for by reason of the issuance of a new security certificate to such shareholder, and provided the Corporation or the Corporation's agent does not have notice that the security has been acquired by a bona fide purchaser, a new security certificate may be issued in replacement of the one defaced, destroyed, stolen or lost, if such issuance is ordered and authorized by any officer of the Corporation or by the directors.

66. Enforcement of Lien for Indebtedness. Subject to subsection (8) of section 49 of the Act, if the articles of the Corporation provide that the Corporation has a lien on the shares registered in the name of a shareholder or the shareholder's legal representative for a debt of that shareholder to the Corporation, such lien may be enforced by the sale of the shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law or by equity and, pending such enforcement, the Corporation may refuse to register a transfer of the whole or any part of such shares. No sale shall be made until such time as the debt ought to be paid and until a demand and notice in writing stating the amount due and demanding payment and giving notice of intention to sell on default shall have been served on the holder or such shareholder's legal representative of the shares subject to the lien and default shall have been made in payment of such debt for seven days after service of such notice. Upon any such sale, the proceeds shall be applied, firstly, in payment of all costs of such sale, and, secondly, in satisfaction of such debt and the residue (if any) shall be paid to the shareholder or as such shareholder shall direct. Upon any such sale, the directors may enter or cause to be entered the purchaser's name in the securities register of the Corporation as holder of the shares, and the purchaser shall not be bound to see to the regularity or validity of, or be affected by, any irregularity or invalidity in the proceedings, or be bound to see to the application of the purchase money, and after the purchaser's name or the name of the purchaser's legal representative has been entered in the securities register, the validity of the sale shall not be impeached by any person.

67. Electronic, Book-Based or Other Non-Certificated Registered Positions. For greater certainty but subject to subsection (1) of section 49 of the Act, a registered securityholder may have his holdings of securities of the Corporation evidenced by an electronic, book-based, direct registration service or other non-certificated entry or position on the register of securityholders to be kept by the Corporation in place of a physical security certificate pursuant to a registration system that may be adopted by the Corporation, in conjunction with its transfer agent (if any). This by-law shall be read such that a registered holder of securities of the Corporation pursuant

to any such electronic, book-based, direct registration service or other non-certificated entry or position shall be entitled to all of the same benefits, rights, entitlements and shall incur the same duties and obligations as a registered holder of securities evidenced by a physical security certificate. The Corporation and its transfer agent may adopt such policies and procedures and require such documents and evidence as they may determine necessary or desirable in order to facilitate the adoption and maintenance of a security registration system by electronic, book-based, direct registration system or other non-certificated means.

## DIVIDENDS

68. Dividends. The directors may from time to time by resolution declare and the Corporation may pay dividends on its issued shares, subject to the provisions (if any) of the Corporation's articles.

The directors shall not declare and the Corporation shall not pay a dividend if there are reasonable grounds for believing that:

(a) the Corporation is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

The Corporation may pay a dividend by issuing fully paid shares of the Corporation and, subject to section 42 of the Act, the Corporation may pay a dividend in money or property.

69. Joint Shareholders. In case several persons are registered as the joint holders of any securities of the Corporation, any one of such persons may give effectual receipts for all dividends and payments on account of dividends, principal, interest and/or redemption payments in respect of such securities.

70. Dividend Payments. A dividend payable in money shall be paid by cheque to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at the recorded address of such registered holder, or, paid by electronic funds transfer to the bank account designated by the registered holder, unless such holder otherwise directs. In the case of joint holders, the cheque or payment shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and, if more than one address is recorded in the Corporation's security register in respect of such joint holding, the cheque shall be mailed to the first address so appearing. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, or the electronic funds transfer as aforesaid, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold. In the event of non-receipt of any dividend cheque or payment by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque or payment for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as any officer or the directors may from time to time prescribe, whether generally or in any particular case.

## VOTING SECURITIES IN OTHER BODIES CORPORATE

71. All securities of or other interests in (i) any other body corporate or (ii) any trust, association or other unincorporated organization carrying voting rights and held from time to time by the Corporation may be voted at all meetings of shareholders, unitholders, bondholders, debenture holders or holders of such securities or other interests, as the case may be, of such other (i) body corporate or (ii) trust, association or other unincorporated organization, and in such manner and by such person or persons as the directors of the Corporation shall from time to time determine and authorize by resolution. Any officer of the Corporation may also from time to time execute and deliver for and on behalf of the Corporation proxies and arrange for the issuance of voting certificates or other evidence of the right to vote in such names as such officer may determine, without the necessity of a resolution or other action by the directors.

## NOTICES, ETC.

72. Service. Any notice or document required by the Act, the articles, the by-laws or otherwise to be sent to any shareholder or director of the Corporation may be delivered personally to or sent by pre-paid mail addressed to:

(a) the shareholder at the shareholder's latest address as shown in the records of the Corporation or its transfer agent; and

(b) the director at the director's latest address as shown in the records of the Corporation or in the last notice filed under section 106 or 113 of the Act.

A notice or document sent by mail as contemplated by this Paragraph 72 to a shareholder or director of the Corporation shall be deemed to have been received by the shareholder or director (as the case may be) at the time it would be delivered in the ordinary course of mail, unless there are reasonable grounds for believing that the shareholder or director (as the case may be) did not receive the notice or document at that time or at all.

Notwithstanding the foregoing, provided that the addressee has consented in writing and has designated an information system for the receipt of electronic documents as contemplated by the Act, the Corporation may satisfy the requirements to send any notice or document referred to above, subject to the Act, by creating an electronic document and providing such electronic document to the applicable specified information system or otherwise posting or making such document available on a generally accessible electronic source, such as a web site, and providing written notice of the availability and location of that electronic document, unless otherwise prescribed by the Act. Any such electronic document shall be deemed to have been sent to and received by the addressee when it enters the information system of the addressee or, if posted or otherwise made available through a generally accessible electronic source, when the addressee receives written notice of the availability and location of that electronic document.

73. Failure to Locate Shareholder. If the Corporation sends a notice or document to a shareholder and the notice or document is returned on two consecutive occasions because the shareholder cannot be found, the Corporation is not required to send any further notices or documents to the shareholder until the shareholder informs the Corporation in writing of the shareholder's new address.

74. Shares Registered in More than one Name. All notices or documents shall, with respect to any shares in the capital of the Corporation registered in more than one name, be sent to whichever of such persons is named first in the records of the Corporation and any notice or document so sent shall be sufficient notice of delivery of such document to all the holders of such shares.

75. Persons Becoming Entitled by Operation of Law. Every person who by operation of law, transfer or by any other means whatsoever shall become entitled to any shares in the capital of the Corporation shall be bound by every notice or document in respect of such shares which prior to his or her name and address being entered on the records of the Corporation in respect of such shares shall have been duly sent to the person or persons from whom such person derives his or her title to such shares.

76. Signatures upon Notices. The signature of any director or officer of the Corporation upon any notice need not be a manual signature.

77. Computation of Time. Where a given number of days' notice or notice extending over any period is required to be given under any provisions of the articles or by-laws of the Corporation, the day the notice is sent shall, unless it is otherwise provided by applicable law, be counted in such number of days or other period.

78. Proof of Service. A certificate of any officer of the Corporation in office at the time of the making of the certificate or of an agent of the Corporation as to facts in relation to the mailing or delivery or sending of any notice or document to any shareholder, director, officer or auditor of the Corporation or any other person or publication of any notice or document shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation or other person, as the case may be.

## CUSTODY OF SECURITIES

79. All securities (including warrants) owned by the Corporation may be lodged (in the name of the Corporation) with a chartered bank or a trust company or in a safety deposit box or with such other depositaries or in such other manner as may be determined from time to time by any officer or the directors.

All securities (including warrants) belonging to the Corporation may be issued and held in the name of a nominee or nominees of the Corporation (and if issued or held in the names of more than one nominee shall be held in the names of the nominees jointly with right of survivorship) and shall be endorsed in blank with endorsement guaranteed in order to enable transfer thereof to be completed and registration thereof to be effected.

## EXECUTION OF CONTRACTS, ETC.

80. Contracts, documents or instruments requiring the signature of the Corporation may be signed by any director or officer alone or any person or persons authorized by resolution of the directors and all contracts, documents or instruments so signed shall be binding upon the Corporation without any further authorization or formality. The directors are authorized from time to time by resolution to appoint any officer or officers or any other person or persons on behalf of the Corporation either to sign contracts, documents or instruments generally or to sign specific contracts, documents or instruments.

The corporate seal (if any) of the Corporation may be affixed by any director or officer to contracts, documents or instruments signed by such director or officer as aforesaid or by an officer or officers, person or persons appointed as aforesaid by resolution of the directors.

The term "contracts, documents or instruments" as used in this by-law shall include notices, deeds, mortgages, hypothecs, charges, cheques, drafts, orders for the payment of money, notes, acceptances, bills of exchange, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of securities and all paper writings.

The signature or signatures of any director or officer or any other person or persons appointed as aforesaid by resolution of the directors may be printed, engraved, lithographed or otherwise mechanically or electronically reproduced upon all contracts, documents or instruments executed or issued by or on behalf of the Corporation and all contracts, documents or instruments on which the signature or signatures of any of the foregoing persons shall be so reproduced shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that the persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments.

## FISCAL PERIOD

81. The fiscal period of the Corporation shall terminate on such day in each year as the board may from time to time by resolution determine.

MADE the ___ day of _____, 2020.

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|---|---|
| President and Chief Operating Officer | Vice President, Corporate Development and Corporate Secretary |

**CALFRAC WELL SERVICES LTD.**

**BY-LAW NO. 2**

A by-law respecting the borrowing of money, the giving of guarantees and the giving of security by CALFRAC WELL SERVICES LTD. (hereinafter called the "*Corporation*").

IT IS HEREBY ENACTED as a by-law of the Corporation as follows:

In addition to, and without limiting such other powers which the Corporation may by law possess, the directors of the Corporation may from time to time:

(a) borrow money on the credit of the Corporation;

(b) issue, reissue, sell or pledge debt obligations of the Corporation, including without limitation, bonds, debentures, notes or other evidences of indebtedness or guarantee of the Corporation, whether secured or unsecured;

(c) give a guarantee on behalf of the Corporation to secure performance of an obligation of any individual, partnership, association, body corporate, trustee, executor, administrator or legal representative;

(d) mortgage, hypothecate, pledge or otherwise create an interest in or charge on all or any property of the Corporation, owned or subsequently acquired, to secure payment of a debt or performance of any other obligation of the Corporation; and

(e) delegate to one or more directors, a committee of directors or one or more officers of the Corporation as may be designated by the directors, all or any of the powers conferred by the foregoing clauses of this by-law to such extent and in such manner as the directors shall determine at the time of each such delegation.

In the event any provision of any other by-law of the Corporation now in force is inconsistent with or in conflict with any provision of this by-law, the provisions of this by-law shall prevail to the extent necessary to remove the inconsistency or conflict.

This by-law shall remain in force and be binding upon the Corporation as regards any party acting on the faith thereof until a copy, certified by the Secretary of the Corporation, of a by-law repealing or replacing this by-law shall have been received by such party and duly acknowledged in writing.

ENACTED the _____ day of _____, 2020.

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| President and Chief Operating Officer | Vice President, Corporate Development and Corporate Secretary |

# CALFRAC WELL SERVICES LTD.

## BY-LAW NO. 3

A by-law relating to the advance notice of nominations of directors of Calfrac Well Services Ltd. (hereinafter referred to as the "*Corporation*").

IT IS HEREBY ENACTED as a by-law of the Corporation as follows:

1. Nomination Procedures. Subject only to the provisions of the Act, Applicable Securities Laws and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election as directors of the Corporation may be made at any annual meeting of shareholders or at any special meeting of shareholders if one of the purposes for which the special meeting was called is the election of directors. Such nominations may be made in the following manner:

   (a) by or at the direction of the Board, including pursuant to a notice of meeting;

   (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of a meeting of shareholders by one or more shareholders made in accordance with the provisions of the Act; or

   (c) by any person (a "*Nominating Shareholder*") who:

      (i) complies with the notice procedures set forth below in this by-law; and

      (ii) at the close of business on the date of the giving of notice by the Nominating Shareholder in accordance with the notice procedures set forth below in this by-law and on the record date for notice of such meeting, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides evidence of such beneficial ownership to the Corporate Secretary of the Corporation.

2. Timely Notice. In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary of the Corporation in accordance with the procedures set forth below in this by-law.

3. Manner of Timely Notice. To be timely, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must be given:

   (a) in the case of an annual meeting (including an annual and special meeting) of shareholders, not less than thirty (30) days prior to the date of the meeting; provided, however, in the event that the meeting is to be held on a date that is less than fifty (50) days after the date on which the first public announcement of the

date of the meeting was made, notice by the Nominating Shareholder shall be made not later than the close of business on the tenth (10th) day following the date of such public announcement;

(b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not also called for other purposes), notice by the Nominating Shareholder shall be made not later than the close of business on the fifteenth (15th) day following the date of such public announcement; and

(c) in the case of an annual meeting of shareholders or a special meeting of shareholders called for the purpose of electing directors (whether or not also called for other purposes) where notice-and-access is used to deliver proxy-related materials to shareholders, not less than forty (40) days prior to the date of the meeting (and, in any event, not prior to the date on which the first public announcement of the date of the meeting was made); provided, however, in the event that the meeting is to be held on a date that is less than fifty (50) days after the date on which the first public announcement of the date of the meeting was made, (i) in the case of an annual meeting of shareholders, notice by the Nominating Shareholder shall be made not later than the close of business on the tenth (10th) day following the date of such public announcement, and (ii) in the case of a special meeting of shareholders, notice by the Nominating Shareholder shall be made not later than the close of business on the fifteenth (15th) day following the date of such public announcement.

The adjournment or postponement of a meeting of shareholders or the announcement thereof shall commence a new time period for the giving of a Nominating Shareholder's notice as described above.

4. Proper Form of Notice. To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth or include:

(a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director of the Corporation (a "*Proposed Nominee*"):

(i) the name, age and business and residential address of the Proposed Nominee;

(ii) the principal occupation, business or employment of the Proposed Nominee and the name and principal business of any company in which such employment is carried on, both present and within the five years preceding the date of the notice;

(iii) whether the Proposed Nominee is a "resident Canadian" within the meaning of the Act;

(iv) the number of securities of each class or series of voting securities of the Corporation beneficially owned, or controlled or directed, directly or

indirectly, by the Proposed Nominee as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;

(v) a description of any relationship, agreement, arrangement or understanding, including financial compensation and indemnity related relationships, agreements, arrangements or understandings, between the Nominating Shareholder and the Proposed Nominee, or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Nominating Shareholder or the Proposed Nominee with respect to the Proposed Nominee's nomination and election as a director;

(vi) whether the Proposed Nominee is party to any existing or proposed relationship, agreement, arrangement or understanding with any competitor of the Corporation or any other third party which may give rise to a real or perceived conflict of interest between the interests of the Corporation and the interests of the Proposed Nominee; and

(vii) any other information relating to the Proposed Nominee that would be required to be disclosed in a dissident's proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or any Applicable Securities Laws.

(b) as to the Nominating Shareholder:

(i) the name and business and residential address of such Nominating Shareholder;

(ii) the number of securities of each class or series of voting securities of the Corporation beneficially owned, or controlled or directed, directly or indirectly, by such Nominating Shareholder, or any other person with whom such Nominating Shareholder is acting jointly or in concert with respect to the Corporation or any of its securities, as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;

(iii) any derivatives or other economic or voting interests in the Corporation and any hedges implemented with respect to the nominating shareholders' interests in the Corporation;

(iv) any proxy, contract, arrangement, understanding or relationship pursuant to which the Nominating Shareholder has the right to vote any shares of the Corporation;

(v) whether such Nominating Shareholder intends to deliver a proxy circular and/or form of proxy to any shareholder of the Corporation in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Corporation in support of such nomination; and

(vi) any other information relating to such Nominating Shareholder that would be required to be disclosed in a dissident's proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or any Applicable Securities Laws; and

(c) a written consent duly signed by the Proposed Nominee to being named as a nominee for election to the Board and to serving as a director of the Corporation if elected.

The Corporation may require any Proposed Nominee to furnish such other information as may be reasonably required by the Corporation to determine, pursuant to Applicable Securities Laws, the independence, or lack thereof, of such proposed nominee, provided that such disclosure request does not go beyond that required of management nominees for election as directors of the Corporation. References to "Nominating Shareholder" in this Section 4 shall be deemed to refer to each shareholder that nominates or proposes to nominate a person for election as a director of the Corporation in the case of a nomination proposal where more than one shareholder is involved in making such nomination proposal. All information provided in a Nominating Shareholders' notice will be made publicly available to shareholders of the Corporation.

5. Notice to be Updated. In addition, to be considered timely and in proper written form, a Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.

6. Eligibility for Nomination as a Director. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this by-law. The requirements of this by-law shall apply to any Proposed Nominee to be brought before a meeting by a shareholder whether such Proposed Nominees are to be included in the Corporation's management information circular under the Act and Applicable Securities Laws or presented to shareholders by means of an independently financed proxy solicitation. The requirements of this by-law are included to provide the Corporation notice of a shareholder's intention to bring one or more Proposed Nominees before a meeting and shall in no event be construed as (i) imposing upon any shareholder the requirement to seek approval from the Corporation as a condition precedent to nominate such Proposed Nominee before a meeting or (ii) deeming to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which such shareholder would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in this by-law and, if any proposed nomination is determined not to be in compliance with such procedures, to declare that such defective nomination shall be disregarded.

7. Definitions. For purposes of this by-law:

(a) "*Act*" means the *Canada Business Corporations Act* and the regulations made thereunder, as from time to time amended, and in the case of such amendment any reference in the by-laws shall be read as referring to the amended provisions thereof;

(b) "*Applicable Securities Laws*" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each relevant province and territory of Canada;

(c) "*Board*" means the board of directors of the Corporation;

(d) "*close of business*" means 5:00 p.m. (Calgary time) on a business day in Calgary, Alberta; and

(e) "*public announcement*" means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com.

Terms used in this by-law that are defined in the Act shall have the meanings given to those terms in the Act.

8. Delivery of Notice. Notwithstanding any other provision of this by-law or any other by-law of the Corporation, notice given to the Corporate Secretary of the Corporation pursuant to this by-law may only be given by personal delivery or by electronic mail (at such e-mail address as may be stipulated from time to time by the Corporate Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Corporate Secretary at the address of the principal executive offices of the Corporation or, in the case of electronic mail, at the time it is sent to the Corporate Secretary at the email address as aforesaid; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

9. Board Discretion. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this by-law.

ENACTED by the Board on the _____ day of _____, 2020.

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|---|---|
| President and Chief Operating Officer | Vice President, Corporate Development and Corporate Secretary |

**APPENDIX "E"**
**COMPARISON OF SHAREHOLDERS RIGHTS**

**CBCA**

If the Continuance is approved and completed, Calfrac will be governed by the CBCA instead of the ABCA. While the rights of shareholders under the CBCA are broadly similar to those under the ABCA, there are a number of variations in the rights afforded to shareholders under the two pieces of legislation. The following is a summary of certain similarities and differences between the CBCA and the ABCA on matters pertaining to shareholder rights. This summary is not exhaustive and is of a general nature only and is not intended to be, and should not be construed to be, legal advice to Shareholders. Accordingly, Shareholders should consult their professional advisors with respect to the detailed provisions of the CBCA and their rights under it.

***Board of Directors***

Under the ABCA, at least one-quarter of a corporation's directors, and at least one-quarter of the members of any committee of directors, must be resident Canadians. Under the CBCA, at least one-quarter of a corporation's directors must be resident Canadians; however, there is no similar requirement for committees of directors.

***Place of Meetings***

The ABCA provides that a meeting may be held outside Alberta where all shareholders entitled to vote at such a meeting so agree. The CBCA provides that a meeting of shareholders may be held outside Canada if the place is specified in the articles or where all the shareholders entitled to vote at such a meeting so agree.

***Financial Assistance***

The ABCA requires disclosure of financial assistance given by a corporation to shareholders or directors of the corporation or its affiliates, or to any of their associates, and in connection with the purchase of shares of the corporation or an affiliated corporation. The CBCA has no such requirement.

***Shareholder Proposals***

Both the ABCA and the CBCA provide for shareholder proposals. Under the CBCA, a registered or beneficial owner of shares entitled to be voted at a meeting may submit a proposal, although the registered or beneficial shareholder must either: (i) have owned for six months not less than 1% of the total number of voting shares or voting shares with a fair market value of a least $2,000, or (ii) have the support of persons who have owned for six months not less than 1% of the total number of voting shares or voting shares with a fair market value of at least $2,000.

***Record Date for Voting***

The ABCA permits a transferee of Common Shares after the record date for a shareholder meeting, not later than 10 days before the shareholder meeting, to establish a right to vote at the meeting by providing evidence of ownership of Common Shares and demanding that the transferee's name be placed on the voting list in place of the transferor. The CBCA does not have an equivalent provision.

***Rights of Dissent***

Under both the ABCA and the CBCA, shareholders have substantially the same rights of dissent if a corporation resolves to effect certain fundamental changes. However, under the CBCA, the corporation must, within ten days of the resolution to which the shareholder dissents being adopted, send notice to the dissenting shareholder. The dissenting shareholder, within 20 days of receiving notice from the corporation or, if such notice was not received, within 20 days after learning that the resolution has been adopted, must send the corporation notice of his, her or its demand for payment of the fair value of his shares, the number and class of shares in respect of which the shareholder dissents and his, her or its relevant personal information. Within 30 days of this notice, the dissenting shareholder

must send the corporation, or its transfer agent, his, her or its share certificates. No more than seven days after the later of the day on which the resolution is effective and the day the corporation receives notice from the dissenting shareholder, the corporation must make an offer to pay. The corporation or the dissenting shareholder may apply to the court to fix a fair value for the shares of the dissenting shareholder.

Under the ABCA, a dissenting shareholder may send a corporation a written objection to a resolution affecting a fundamental change at or before any meeting of shareholders at which the resolution is to be voted on. Once the resolution is adopted the dissenting shareholder may make application to the court to fix the fair value of his, her or its shares. If an application is made to the court, the corporation must send an offer to pay to each dissenting shareholder an amount considered by the directors to be the fair value of the shares. The dissenting shareholder may accept the offer to pay from the corporation or wait for an order from the court fixing the fair value of the shares. The dissent rights under the ABCA apply to the Continuance Resolution. See "*Description of Recapitalization & Certain Related Matters – Continuance of Calfrac from Alberta to Canada*".

***Sale of Property***

Under both the ABCA and the CBCA, any proposed sale, lease or exchange of all or substantially all of the property of a corporation, other than in the ordinary course of business, must be approved by a special resolution passed by not less than two-thirds of the votes cast by shareholders voting at the meeting or by proxy at a meeting of shareholders. The holder of shares of a class or series of shares of a corporation are entitled to vote separately as a class or series in respect of such a sale, lease or exchange if that class or series is affected by the sale, lease or exchange in a manner different from the shares of another class or series.

***Amendments to the Articles of the Corporation***

Under both the ABCA and the CBCA, certain fundamental changes to the articles of a corporation, such as an alteration of any restrictions on the business carried on by the corporation, changes in the name of the corporation, increases or decreases in the authorized capital, the creation of any new classes of shares and changes in the jurisdiction of incorporation, must be approved by a special resolution passed by a majority of not less than two-thirds of the votes cast by shareholders voting at the meeting or by proxy at a meeting of the shareholders of the corporation.

***Oppression Remedies***

Under the ABCA and the CBCA, a shareholder, former shareholder, director, former director, officer or former officer of a corporation or any of its affiliates, or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy, may apply to a court to rectify the matters complained of where in respect of a corporation or any of its affiliates: (i) any act or omission of a corporation or its affiliates effects a result; (ii) the business or affairs of a corporation or any of its affiliates are or have been carried on or conducted in a manner; or (iii) the powers of a corporation or any of its affiliates are or have been exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any securityholder, creditor, director or officer.

***Shareholders' Derivative Action***

Under the ABCA and the CBCA, a shareholder, former shareholder, director, former director, officer or former officer of a corporation or its affiliates or any other person who, in the discretion of the court, is a proper person to do so, may apply for the court's leave to: (i) bring a derivative action in the name and on behalf of a corporation or any of its subsidiaries; or (ii) intervene in the action to which a corporation or any of its subsidiaries is a party, for the purpose of prosecuting, defending or discontinuing the action on behalf of a corporation or the subsidiary.

**APPENDIX "F"**
**SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)**

**191(1)** Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,

(b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,

(b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),

(c) amalgamate with another corporation, otherwise than under section 184 or 187,

(d) be continued under the laws of another jurisdiction under section 189, or (e) sell, lease or exchange all or substantially all its property under section 190.

**(2)** A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

**(3)** In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

**(4)** A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

**(5)** A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

(a) at or before any meeting of shareholders at which the resolution is to be voted on, or

(b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

**(6)** An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),

(a) by the corporation, or

(b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

**(7)** If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

**(8)** Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

(a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or

(b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.

**(9)** Every offer made under subsection (7) shall

(a) be made on the same terms, and

(b) contain or be accompanied with a statement showing how the fair value was determined.

**(10)** A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

**(11)** A dissenting shareholder

(a) is not required to give security for costs in respect of an application under subsection (6), and

(b) except in special circumstances must not be required to pay the costs of the application or appraisal.

**(12)** In connection with an application under subsection (6), the Court may give directions for

(a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,

(b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the *Alberta Rules of Court*,

(c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,

(d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,

(e) the appointment and payment of independent appraisers, and the procedures to be followed by them,

(f) the service of documents, and

(g) the burden of proof on the parties.

**(13)** On an application under subsection (6), the Court shall make an order

(a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,

(b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,

(c) fixing the time within which the corporation must pay that amount to a shareholder, and

(d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

**(14)** On

(a) the action approved by the resolution from which the shareholder dissents becoming effective,

(b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or

(c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

**(15)** Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

**(16)** Until one of the events mentioned in subsection (14) occurs,

(a) the shareholder may withdraw the shareholder's dissent, or

(b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

**(17)** The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

**(18)** If subsection (20) applies, the corporation shall, within 10 days after

(a) the pronouncement of an order under subsection (13), or

(b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

**(19)** Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

**(20)** A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or

(b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

**APPENDIX "G"**
**ARRANGEMENT AGREEMENT**

**ARRANGEMENT AGREEMENT**

**THIS ARRANGEMENT AGREEMENT** is dated effective as of the 7th day of August, 2020 (the "**Agreement**").

**AMONG:**

**CALFRAC WELL SERVICES LTD.**, a corporation governed by the laws of Alberta ("**Calfrac**")

– and –

**12178711 CANADA INC**., a corporation incorporated under the laws of Canada ("**ArrangeCo**")

– and –

**CALFRAC (CANADA) INC.**, a corporation incorporated under the laws of Alberta ("**Calfrac GP**")

– and –

**CALFRAC HOLDINGS LP**, a limited partnership governed by the laws of Delaware ("**Calfrac LP**"), by its general partner, Calfrac GP

– and –

**CALFRAC WELL SERVICES CORP**., a corporation incorporated under the laws of Colorado ("**Calfrac US**", and collectively with Calfrac, ArrangeCo, Calfrac GP and Calfrac LP, the "**Parties**")

**RECITALS:**

A. The Parties intend to apply to the Court of Queen's Bench of Alberta (the "**Court**") for an order approving an arrangement (the "**Arrangement**"), pursuant to Section 192 of the *Canada Business Corporations Act* (the "**CBCA**"), as set forth in the plan of arrangement (as may be amended, modified and/or supplemented in accordance with its terms, the "**Plan of Arrangement**"), a copy of which is attached hereto as Schedule "A"; and

B. The Parties wish to enter into this Agreement to formalize certain matters relating to the foregoing and other matters relating to the Plan of Arrangement;

**NOW THEREFORE THIS AGREEMENT WITNESSES THAT**, in consideration of the premises and the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as follows:

## ARTICLE 1
## INTERPRETATION

### 1.01 Definitions

All capitalized terms not defined in this Agreement shall have the meaning ascribed to them in the Plan of Arrangement attached hereto as Schedule "A".

### 1.02 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections and schedules and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

### 1.03 Article References

Unless reference is specifically made to some other document or instrument, all references herein to articles, sections and schedules are to articles, sections and schedules of this Agreement.

### 1.04 Incorporation of Schedules

The following schedules are incorporated into and form an integral part of this Agreement:

Schedule "A" – Plan of Arrangement

### 1.05 Extended Meanings

Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, bodies corporate, trusts, unincorporated organizations, governments, regulatory authorities, and other entities.

### 1.06 Date for any Action

In the event that any date on which any action required to be taken hereunder by any of the Parties hereto is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

### 1.07 Entire Agreement

This Agreement, together with the schedules attached hereto, constitutes the entire agreement among the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

### 1.08 Governing Law

This Agreement will be governed by, interpreted and enforced in accordance with the laws of the province of Alberta and the federal laws of Canada. All questions as to the interpretation or application of this Agreement and all proceedings taken in connection with this Agreement and its provisions shall be subject to the exclusive jurisdiction of the Court.

## ARTICLE 2
## THE ARRANGEMENT

### 2.01 Arrangement

As soon as reasonably practicable or in accordance with the timing contemplated under the Support Agreement, the Parties shall apply to the Court pursuant to Section 192 of the CBCA for an order approving the Arrangement and in connection with such application shall:

(a) forthwith proceed with and diligently prosecute an application for the Final Order; and

(b) subject to obtaining the approvals contemplated in the Plan of Arrangement and such other conditions precedent to the implementation of the Arrangement (as set out herein and in the Support Agreement), take steps necessary to submit the Arrangement to the Court and apply for the Final Order.

Subject to the fulfillment or waiver of the conditions set forth herein and in the Support Agreement, the Parties shall deliver to the CBCA Director, immediately following fulfillment or waiver, as applicable, of such conditions, articles of arrangement and such other documents as may be required to give effect to the Arrangement.

## ARTICLE 3
## COVENANTS

### 3.01 General Covenants

Each Party covenants with the other Parties that it will, subject to the terms and conditions of the Support Agreement:

(a) make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them to carry out the full intent and meaning of the Plan of Arrangement and to give effect to the transactions contemplated therein, both prior to and following the Effective Date;

(b) use all reasonable efforts to cause each of the conditions precedent set forth in Section 5.01 hereof which are within its control to be satisfied on or before the Effective Date; and

(c) not take any action that would be knowingly contrary with the transactions contemplated by this Agreement and the Plan of Arrangement.

### 3.02 Additional Covenants of the Parties

Each Party further covenants and agrees that it will, as applicable and subject to the terms and conditions of the Support Agreement:

(a) submit the Arrangement to the Court and apply for the Final Order;

(b) perform the obligations and take the actions required to be performed by it under this Agreement, the Plan of Arrangement, the Commitment Letter and the Support Agreement, and do all such other acts and things as may be necessary, or within the reasonable

discretion of such Party desirable, and within its power and control in order to carry out and give effect to the transactions contemplated by this Agreement, the Plan of Arrangement and the Support Agreement, including (without limitation) using all reasonable efforts to:

(i) effect the issuances, deliveries and payments set forth in Sections 4.1 to 4.5 of the Plan of Arrangement;

(ii) carry out the Effective Date transactions set forth in Section 5.3 of the Plan of Arrangement;

(iii) obtain the approvals provided for in the Interim Order;

(iv) obtain the Final Order; and

(v) obtain such other material consents, approvals and/or waivers as are necessary for the implementation of the Arrangement;

(c) upon issuance of the Final Order and subject to the conditions precedent in Article 5 hereof, forthwith proceed to file the Articles of Arrangement, the Final Order and all related documents with the CBCA Director in accordance with the CBCA; and

(d) file such materials, together with other disclosure materials required to be filed in accordance with applicable corporate and securities laws, in a timely and expeditious manner.

## ARTICLE 4
## REPRESENTATIONS AND WARRANTIES

### 4.01 Representations and Warranties of the Parties

Each Party represents and warrants to the other Parties as follows, and acknowledges that the other Parties are relying upon such representations and warranties:

(a) such Party is an entity duly formed and validly existing under the laws of the jurisdiction where it was formed and has the power and capacity to enter into this Agreement, and to perform its obligations hereunder;

(b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby do not and will not, to the best of the knowledge of the officers and employees of such Party who have been involved in the discussions concerning the Plan of Arrangement:

(i) result in any violation of the provisions of the articles, by-laws or limited partnership agreement, as applicable, of such Party; and

(ii) violate or conflict with any judgment, order, statute, law, ordinance, rule or regulation applicable to such Party, except, in the case for violations or conflicts that, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on such Party's ability to execute and deliver this Agreement and to consummate the transactions contemplated hereby; and

(c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the board of directors or applicable governance committee of such Party and this Agreement constitutes a valid and binding obligation of such Party enforceable against it in accordance with its terms.

## ARTICLE 5
## CONDITIONS PRECEDENT

### 5.01 Conditions Precedent

The respective obligations of the Parties to complete the transactions contemplated by this Agreement shall be subject to the fulfilment or satisfaction, on or before the Effective Date, of all necessary corporate actions and proceedings in connection with, and in order to give effect to, the Plan of Arrangement, which condition may be waived collectively by them without prejudice to their right to rely on any other condition, *provided that*, and for greater certainty, the transactions contemplated by this Agreement will not be completed unless and until the conditions precedent set out in the Commitment Letter and the Support Agreement for the benefit of the parties thereto other than the Parties shall have been fulfilled, satisfied or waived by such parties pursuant to the terms thereof.

## ARTICLE 6
## NOTICES

### 6.01 Notices

Any notices or communication to be made or given hereunder shall be in writing (including by e- mail) and be made or given by the person making or giving it or by any agent of such person authorized for that purpose by personal delivery, by prepaid courier delivery or by e-mail addressed to the respective Parties as follows:

If to Parties:

Calfrac Well Services Ltd.
Suite 500, 407 – 8th Avenue SW
Calgary, Alberta T2P 1E5
Attention: Jeff Ellis
Email: jellis@calfrac.com

With a required copy (which shall not be deemed notice) to:

Bennett Jones LLP
4500 Bankers Hall East
855 - 2nd Street SW
Calgary, Alberta T2P 4K7

Attention: Kevin Zych and Brent Kraus
Email: zychk@bennettjones.com; krausb@bennettjones.com

or to such other address as any Party may from time to time notify the others in accordance with this Section 6.01. In the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by e-mail and any notice or other communication given or made by prepaid mail within the five Business

Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been given or made. All such notices and communications so given or made shall be deemed to have been received, in the case of notice by e-mail or by personal delivery prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and, in the case of notice mailed as aforesaid, on the fifth Business Day following the date on which such notice or other communication is mailed.

## ARTICLE 7
## AMENDMENT

### 7.01 Amendments

This Agreement may, at any time and from time to time, but not later than the Effective Date, be amended in any respect whatsoever by written agreement of the Parties hereto without, subject to applicable law and the Support Agreement, further notice to or authorization on the part of their respective securityholders.

### 7.02 Termination

This Agreement shall be terminated if an agreement to terminate it is executed and delivered by all Parties, subject to the Support Agreement.

## ARTICLE 8
## GENERAL

### 8.01 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

### 8.02 No Assignment

No Party may assign its rights or obligations under this Agreement without the consent of the other Parties.

### 8.03 Equitable Remedies

All covenants herein and opinions to be given hereunder as to enforceability in accordance with the terms of any covenant, agreement or document shall be qualified as to applicable bankruptcy and other laws affecting the enforcement of creditors' rights generally and to the effect that specific performance, being an equitable remedy, may only be ordered at the discretion of the Court.

### 8.04 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

(a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and

(b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

**8.05 Time of Essence**

Time shall be of the essence in respect of this Agreement.

**8.06 Execution in Counterparts**

This Agreement may be executed in any number of counterparts, each of which is and is hereby conclusively deemed to be an original and which counterparts collectively are to be conclusively deemed one instrument. A counterpart may be delivered by facsimile, e-mail or other electronic means, which shall be as effective as hand delivery of the original executed counterpart.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]**

**IN WITNESS WHEREOF** the Parties hereto have executed this Agreement as of the date first written above.

**CALFRAC WELL SERVICES LTD.**

Per: (Signed) "*Lindsay Link*"
Name: Lindsay Link
Title: President and Chief Operating Officer

**12178711 CANADA INC.**

Per: (Signed) "*Lindsay Link*"
Name: Lindsay Link
Title: President and Chief Operating Officer

**CALFRAC (CANADA) INC.**

Per: (Signed) "*Lindsay Link*"
Name: Lindsay Link
Title: President and Chief Operating Officer

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

Per: (Signed) "*Lindsay Link*"
Name: Lindsay Link
Title: President and Chief Operating Officer

**CALFRAC WELL SERVICES CORP**.

Per: (Signed) "*Lindsay Link*"
Name: Lindsay Link
Title: Chief Operating Officer

# SCHEDULE "A"

## PLAN OF ARRANGEMENT

[See attached]

**APPENDIX "H"**
**PLAN OF ARRANGEMENT UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT***

Court File No. 2001-08434

***ALBERTA***
**COURT OF QUEEN'S BENCH**

**IN THE MATTER OF AN APPLICATION UNDER 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.**

# PLAN OF ARRANGEMENT

**AUGUST 7, 2020**

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# PLAN OF ARRANGEMENT

## ARTICLE 1
## INTERPRETATION

### 1.1 Definitions

In this Plan, unless otherwise stated:

"**Ad Hoc Committee**" means the ad hoc committee of certain Senior Unsecured Noteholders represented by Goodmans LLP;

"**Additional Commitment Parties**" means those Senior Unsecured Noteholders that execute a Commitment Joinder Agreement in accordance with the terms of the Commitment Letter, and their permitted assigns, and includes for greater certainty, any Additional Allocated Parties (as defined in the Commitment Letter);

"**Affected Parties**" means the Senior Unsecured Noteholders, the Senior Unsecured Notes Trustee, the Existing Shareholders, the holders of Options issued pursuant to the Stock Option Plan, the holders of PSUs issued pursuant to the PSU Plan, the Existing Equity Holders (other than holders of DSUs issued pursuant to the DSU Plan), the Applicants, the Escrow Agent and the Proxy, Information and Exchange Agent, all of the foregoing each in their capacity as such;

"**Applicants**" means, collectively, ArrangeCo, Calfrac, Calfrac (Canada) Inc., Calfrac Well Services Corp. and Calfrac LP, by its general partner, Calfrac (Canada) Inc.;

"**ArrangeCo**" means 12178711 Canada Inc., a corporation existing under the laws of Canada;

"**Arrangement**" means the arrangement under section 192 of the CBCA on the terms and subject to the conditions set out in this Plan, subject to any amendments, modifications and/or supplements thereto made in accordance with the Arrangement Agreement, the Support Agreement and this Plan, or otherwise with the consent of the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement dated August 7, 2020, among the Applicants, as it may be amended, modified and/or supplemented from time to time;

"**Articles of Arrangement**" means the articles of arrangement of the Applicants in respect of the Arrangement, in form and substance satisfactory to the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably, that are required to be filed with the CBCA Director in order for the Arrangement to become effective on the Effective Date;

"**Business Day**" any day, other than a Saturday, Sunday or a statutory or civic holiday, on which banks are generally open for business in Calgary, Alberta, New York, New York, and Toronto, Ontario.

"**Calfrac**" means Calfrac Well Services Ltd., a corporation existing under the laws of the Province of Alberta;

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

"**Canadian Dollars**" or "**$**" means the lawful currency of Canada;

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended;

"**CBCA Director**" means the Director appointed under section 260 of the CBCA;

"**CBCA Proceedings**" means the proceedings commenced by the Applicants under the CBCA in connection with this Plan;

"**CDS**" means the CDS Clearing and Depository Services Inc. and its successors and assigns;

"**Certificate of Arrangement**" means the certificate giving effect to the Arrangement, to be issued by the CBCA Director pursuant to section 192(7) of the CBCA upon receipt of the Articles of Arrangement in accordance with section 262 of the CBCA;

"**Chapter 15 Proceedings**" means the proceedings commenced by the Applicants with the United States Bankruptcy Court for the Southern District of Texas for recognition of the CBCA Proceedings in the United States, pursuant to chapter 15 of the *United States Bankruptcy Code*;

"**Chapter 15 Recognition Order**" means an order of the United States Bankruptcy Court for the Southern District of Texas recognizing and giving effect to the Plan in the United States and granting ancillary relief, which order shall be in form and substance acceptable to the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably;

"**Circular**" means the management information circular of Calfrac dated August 17, 2020, as it may be amended, modified and/or supplemented from time to time, subject to the terms of the Interim Order or other Order of the Court;

"**Claim**" means any right or claim of any Person that may be asserted or made in whole or in part against the applicable Persons, or any of them, in any capacity, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, whether at law or in equity, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, any legal, statutory, equitable or fiduciary duty), by reason of any right of setoff, counterclaim or recoupment, or by reason of any equity interest, right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and together with any security enforcement costs or legal costs associated with any such claim, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, by guarantee, warranty, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature, including any claim made or asserted against the applicable Persons, or any of them, through any affiliate, subsidiary, associated or related Person, or any right or ability of any Person to advance a claim for an accounting, reconciliation, contribution, indemnity, restitution or otherwise with respect to any matter, grievance, action (including any class action or proceeding before an administrative or regulatory tribunal), cause or chose in action, whether existing at present or commenced in the future;

"**Commitment**" means, collectively in respect of each Commitment Party, its Direct Commitment and its Shortfall Commitment;

"**Commitment Consideration Shares**" means such number of post-Share Consolidation Common Shares equal to $1,500,000 divided by the Conversion Price in effect at the Effective Time, to be issued, in the aggregate, to ArrangeCo, as agent for the Funding Commitment Parties, on the Effective Date in accordance with Section 5.3(e) of this Plan;

"**Commitment Joinder Agreement**" means an agreement substantially in the form of Schedule "G" to the Commitment Letter;

"**Commitment Letter**" means the Commitment Letter dated as of July 13, 2020 among Calfrac, MATCO, G2S2, certain Senior Unsecured Noteholders forming part of the Ad Hoc Committee, and any Additional Commitment Parties that execute a Commitment Joinder Agreement from time to time in accordance with the terms of the Commitment Letter;

"**Commitment Parties**" means, collectively, the Initial Commitment Parties and the Additional Commitment Parties, and their respective permitted assigns, and "Commitment Party" means any one of them;

"**Commitment Party Funding Deadline**" means 5:00 p.m. on September 28, 2020, or such other date as the Applicants and the Majority Commitment Parties may agree, each acting reasonably;

"**Commitment Pro Rata Share**" means, in respect of a Commitment Party, the pro rata share of such Commitment Party as set out in Schedule "B" to the Commitment Letter, as such pro rata share may be adjusted from time to time pursuant to sections 10(d) or 13(h) of the Commitment Letter;

"**Common Shares**" means common shares in the capital of Calfrac;

"**Consenting Noteholder**" means each Senior Unsecured Noteholder that is party to a Support Agreement (including pursuant to a Support Joinder Agreement) and has complied with its obligations pursuant thereto, including its obligation to vote in favour of the Plan;

"**Conversion Price**" means an amount equal to $1.3325 per post-Share Consolidation Common Share, being the conversion price under the New 1.5 Lien Note Indenture, and subject to adjustment in accordance therewith;

"**Court**" means the Court of Queen's Bench of Alberta;

"**Depositary**" means Computershare Investor Services Inc.;

"**Direct Commitment**" means, in respect of each Commitment Party, its respective Commitment Pro Rata Share of the Initial Commitment Amount of the New 1.5 Lien Notes;

"**Direct Commitment Funded Amount**" has the meaning given to that term in Section 2.4(b);

"**Direct Commitment Private Placement**" means the private placement of New 1.5 Lien Notes to Commitment Parties in an aggregate amount equal to the Initial Commitment Amount pursuant to Article 2;

"**DSU Plan**" means Calfrac's deferred share unit plan dated October 15, 2004;

"**DSUs**" means deferred share units issued pursuant to the DSU Plan;

"**DTC**" means the Depository Trust Company and its nominees, successors and assigns;

"**Early Consent Date**" means 5:00 p.m. on September 8, 2020, or such later date as the Applicants may determine, in consultation with the Initial Consenting Noteholders;

"**Early Consenting Noteholder New Common Share Pool**" means 2,184,252 post-Share Consolidation Common Shares, subject to the treatment of fractional interests in accordance with Section 5.2(a), representing 6% of the aggregate Common Shares issued and outstanding immediately following the implementation of Section 5.3(b) of this Plan (but, for greater certainty, before further dilution as a result of the issuance of the Commitment Consideration Shares pursuant to Section 5.3(e) of this Plan), and subject to adjustment in accordance with Section 4.6;

"**Early Consenting Noteholder Pro Rata Share**" means, in respect of an Early Consenting Noteholder, (i) the total principal amount of Senior Unsecured Notes held by that Early Consenting Noteholder as at the Record Date, divided by (ii) the aggregate principal amount of Senior Unsecured Notes held by all Early Consenting Noteholders as at the Record Date;

"**Early Consenting Noteholders**" means the Senior Unsecured Noteholders who, on or prior to the Early Consent Date, provide voting instructions to vote in favour of the Plan and do not subsequently withdraw such voting instructions;

"**Effective Date**" means the date shown on the Certificate of Arrangement issued by the CBCA Director;

"**Effective Time**" means 12:01 a.m. on the Effective Date, or such other time as the Applicants and the Initial Consenting Noteholders may agree, each acting reasonably;

"**Electing Noteholder**" means a beneficial Eligible Noteholder whose Intermediary has submitted a Participation Form (or master Participation Form) on behalf of such Eligible Noteholder in advance of the Participation Deadline in accordance with the terms of this Plan and the Interim Order, and the procedures set out in the Circular and the Participation Form, indicating that it intends to participate in the Pro Rata Offering;

"**Electing Noteholder Amount**" means, as to any Electing Noteholder, the amount of New 1.5 Lien Notes which the Electing Noteholder has elected to subscribe for, but not to exceed an amount equal to its Electing Noteholder Pro Rata Share of the Pro Rata Offering Amount;

"**Electing Noteholder Funded Amount**" has the meaning given to that term in Section 2.4(a);

"**Electing Noteholder Pro Rata Share**" means, in respect of an Electing Noteholder, (i) the total principal amount of Senior Unsecured Notes held by that Electing Noteholder as at the Participation Record Date, divided by (ii) the aggregate principal amount of Senior Unsecured Notes held by all Senior Unsecured Noteholders as at the Participation Record Date;

"**Eligible Noteholder**" means a Senior Unsecured Noteholder (including any Commitment Party) holding Senior Unsecured Notes as at the Participation Record Date that: (i) if such Person is in

the United States, is (A) an institution that is an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the US Securities Act or (B) a "qualified institutional buyer" as defined in Rule 144A ("**Rule 144A**") under the US Securities Act; and (ii) if such Person is resident in Canada or otherwise outside of the United States, is qualified to participate in the Pro Rata Offering in accordance with the Laws of its jurisdiction of residence, including Regulation S under the US Securities Act and it has provided evidence satisfactory to the Applicants to demonstrate such qualification;

"**Employer Entity**" means, in respect of any holder of Equity-Based PSUs, the entity that employs such holder immediately prior to the cancellation of such Equity-Based PSUs pursuant to this Plan, which may be Calfrac or any subsidiary thereof;

"**Equity-Based PSUs**" means equity-based performance share units issued pursuant to the PSU Plan;

"**Escrow Agent**" means Kingsdale Partners LP, or such other escrow agent as may be agreed by the parties to the Escrow Agreement;

"**Escrow Agreement**" means the escrow agreement on customary terms and conditions to be entered into in connection with the Pro Rata Offering and the Direct Commitment Private Placement, in form and substance satisfactory to the Applicants, and the Majority Commitment Parties, each acting reasonably;

"**Existing Equity**" means all Existing Shares and all options, warrants, rights, share units or similar instruments derived from, relating to, or exercisable, convertible or exchangeable therefor, including the awards issued pursuant to the Incentive Plans, but excluding the New 1.5 Lien Notes and the New Common Shares;

"**Existing Equity Holders**" means the holders of any Existing Equity;

"**Existing Lenders**" means the lenders party to the First Lien Credit Agreement;

"**Existing Shareholders**" means holders of the Existing Shares;

"**Existing Shares**" means all Common Shares outstanding immediately prior to the Effective Time;

"**Final Order**" means the Order of the Court approving the Arrangement under section 192 of the CBCA, which shall include such terms as may be necessary or appropriate to give effect to the Arrangement and this Plan, in form and substance satisfactory to the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably;

"**First Lien Agent**" means HSBC Bank Canada, as agent under the First Lien Credit Agreement, and any successor thereof;

"**First Lien Credit Agreement**" means the Amended and Restated Credit Agreement dated April 30, 2019 between Calfrac, as borrower, HSBC Bank Canada and each of the other financial institutions party thereto, as lenders, and the First Lien Agent (as amended, restated or supplemented from time to time);

"**Funded Amounts**" means, collectively, the Electing Noteholder Funded Amount, the Direct Commitment Funded Amount and the Shortfall Commitment Funded Amount;

"**Funding Commitment Party**" means a Commitment Party: (i) in respect of whom the Commitment Letter has not been terminated; and (ii) who has deposited in escrow with the Escrow Agent its Direct Commitment in full in cash by the Commitment Party Funding Deadline and, if applicable, the Shortfall Commitment in full in cash by the Commitment Party Funding Deadline, in accordance with the Commitment Letter and Sections 2.2(b) and 2.3(b) of this Plan;

"**Funding Deadline**" means 5:00 p.m. on September 24, 2020, or such later date as the Applicants and the Majority Commitment Parties may agree, each acting reasonably;

"**Funding Electing Noteholder**" has the meaning given to that term in Section 2.4(a);

"**G2S2**" means G2S2 Capital Inc.;

"**Governmental Entity**" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (i) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

"**Incentive Plans**" means, as applicable, Calfrac's Stock Option Plan, PSU Plan and DSU Plan, in each case, as amended from time to time;

"**Initial Commitment Amount**" means an amount equal to $45,000,000;

"**Initial Commitment Parties**" means those Persons that entered into the Commitment Letter as of July 13, 2020 as the "Initial Commitment Parties" thereunder, and their permitted assigns;

"**Initial Consenting Noteholders**" means, collectively, the Senior Unsecured Noteholders who are identified as "Initial Consenting Noteholders" in the Support Agreement;

"**Interim Order**" means collectively: (i) the preliminary interim order of the Court in respect of the Applicants granted on July 13, 2020; and (ii) the interim order of the Court in respect of the Applicants granted on August 7, 2020, which, among other things, approves the calling of, and the date for, the Meetings, as such order may be amended from time to time in a manner acceptable to the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably;

"**Intermediary**" means a broker, custodian, investment dealer, nominee, bank, trust company or other intermediary;

"**Law**" means any law, statute, constitution, treaty, convention, code, injunction, order, decree, consent decree, judgment, rule regulation, ordinance or other pronouncement having the effect of law whether in Canada, the United States or any other country, or any domestic or foreign state, county, province, city or other political subdivision or of any Governmental Entity;

"**Letter of Transmittal**" means the letter of transmittal to be completed by registered holders of Existing Shares as a condition to receiving such Existing Shareholder's post-Share Consolidation Common Shares pursuant to the Plan;

"**Majority Commitment Parties**" means Commitment Parties whose aggregate Commitment Pro Rata Share exceeds 66 2/3%, provided that such Commitment Parties must include at least one member of the Ad Hoc Committee (as at the date of the Commitment Letter) whose Commitment Pro Rata Share as at the applicable date of determination is at least 80% of its Commitment Pro Rata Share on the date of the Commitment Letter (or, if applicable, following any adjustment to such Commitment Pro Rata Share in respect of Reallocated Pro Rata Share pursuant to section 10(c) of the Commitment Letter), but only to the extent that any such member of the Ad Hoc Committee continues to satisfy such requirement as at the applicable determination date;

"**MATCO**" means MATCO Investments Ltd.;

"**Meetings**" means, collectively, the Senior Unsecured Noteholders' Meeting and the Shareholders' Meeting;

"**New 1.5 Lien Note Documents**" means the New 1.5 Lien Note Indenture and all related guarantee, security, intercreditor agreements and other documents related to the issuance of the New 1.5 Lien Notes;

"**New 1.5 Lien Note Indenture**" means the senior secured note indenture to be entered into between Calfrac, the Obligors and the New 1.5 Lien Note Trustee on the Effective Date on terms substantially as described in the Circular and/or as may otherwise be agreed by the Applicants and the Initial Commitment Parties, each acting reasonably, and which shall govern the New 1.5 Lien Notes and pursuant to which the New 1.5 Lien Notes will be issued;

"**New 1.5 Lien Note Trustee**" means a trustee under the New 1.5 Lien Note Indenture as agreed to by the Applicants and the Initial Commitment Parties, each acting reasonably;

"**New 1.5 Lien Note**s" means in aggregate the $60,000,000 in new senior secured convertible payment-in-kind notes (comprised of the Initial Commitment Amount and Pro Rata Offering Amount) to be issued on the Effective Date pursuant to this Plan and the New 1.5 Lien Note Indenture;

"**New Common Shares**" means those newly-issued Common Shares to be issued to the Senior Unsecured Noteholders, the Early Consenting Noteholders and Commitment Parties on the Effective Date pursuant to this Plan;

"**Obligations**" means all liabilities, duties and obligations, including without limitation principal and interest, any make whole, redemption or similar premiums, reimbursement obligations, fees, penalties, damages, guarantees, indemnities, costs, expenses or otherwise, and any other liabilities, duties or obligations, whether direct or indirect, absolute or contingent, known or unknown, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the applicable Senior Unsecured Note Document;

"**Obligors**" means, collectively, Calfrac LP and Calfrac Well Services Corp.;

"**Omnibus Incentive Plan**" means a new omnibus incentive plan for Calfrac, acceptable to Calfrac and the Initial Consenting Noteholders, which Omnibus Incentive Plan shall provide for

the granting of various types of equity awards, including stock options, share appreciation rights, restricted shares, restricted share units, performance share units, deferred share units and other share-based awards as determined by the board of directors of Calfrac (or the applicable compensation committee) following the Effective Date, and which Omnibus Incentive Plan shall provide for the issuance of Common Shares comprising an aggregate amount not exceeding 10% of the outstanding Common Shares of Calfrac immediately following the completion of the transactions set forth in Section 5.3, as determined from time to time by the board of directors of Calfrac in accordance with such Omnibus Incentive Plan;

"**Options**" means options to acquire Common Shares of Calfrac which are outstanding under the Stock Option Plan immediately prior to the Effective Time;

"**Order**" means any order entered by the Court in the CBCA Proceedings or the Chapter 15 Proceedings;

"**Outside Date**" has the meaning given to such term in the Support Agreement;

"**Participation Deadline**" means 5:00 p.m. on September 11, 2020, or such later date as the Applicants and the Majority Commitment Parties may agree, each acting reasonably;

"**Participation Form**" means the participation form to be circulated to Senior Unsecured Noteholders pursuant to the Interim Order and completed and submitted by such Eligible Noteholders (or their respective Intermediaries on their behalf) in advance of the Participation Deadline in order to make certain acknowledgments, agreements and certifications (as applicable to the applicable Eligible Noteholder) required to participate in the Pro Rata Offering;

"**Participation Record Date**" means 12:00 p.m. on August 24, 2020;

"**Person**" means an individual, a corporation, a partnership, a limited liability company, organization, trustee, executor, administrator, a trust, an unincorporated association, a Governmental Entity or any agency, instrumentality or political subdivision of a Governmental Entity, or any other entity or body;

"**Plan**" means this plan of arrangement and any amendments, modifications and/or supplements hereto made in accordance with the terms hereof;

"**Pro Rata Offering**" means the offering of New 1.5 Lien Notes to Eligible Noteholders in an aggregate amount equal to the Pro Rata Offering Amount pursuant to Article 2;

"**Pro Rata Offering Amount**" means an amount equal to $15,000,000;

"**Proxy, Information and Exchange Agent**" means Kingsdale Advisors;

"**PSU Plan**" means Calfrac's performance share unit plan dated October 15, 2004;

"**PSUs**" means all performance share units issued pursuant to the PSU Plan, including Equity-Based PSUs, and which are outstanding under the PSU Plan immediately prior to the Effective Time;

"**Record Date**" means August 10, 2020;

"**Released Claims**" means, collectively, the matters that are subject to release and discharge pursuant to Section 6.1;

"**Released Parties**" means, collectively, the Applicants, the Existing Shareholders, the Commitment Parties, the Electing Noteholders, the Consenting Noteholders, the Senior Unsecured Notes Trustee, the Existing Lenders, the First Lien Agent, the Escrow Agent, the Proxy, Information and Exchange Agent and each of the foregoing Persons' respective principals, members, managed accounts or funds, fund advisors, current and former directors and officers, employees, financial and other advisors, legal counsel and agents, all of the foregoing each in their capacity as such;

"**Second Lien Note Documents**" means, collectively, the Second Lien Note Indenture, the Second Lien Notes, and all other documentation related to the foregoing or governing the Second Lien Notes;

"**Second Lien Note Indenture**" the indenture dated February 14, 2020, among Calfrac LP, as issuer of the Second Lien Notes, Calfrac and Calfrac Well Services Corp., as initial guarantors, and the Second Lien Notes Trustee;

"**Second Lien Noteholders**" means a holder or holders of the Second Lien Notes, in their capacity as such;

"**Second Lien Notes**" means the 10.875% second lien secured notes of Calfrac LP in the maximum aggregate amount of US$120,000,100 due 2026 and issued and outstanding pursuant to the Second Lien Note Indenture;

"**Second Lien Notes Trustee**" means Wilmington Trust, National Association, in its capacity as trustee under the Second Lien Note Indenture, and any successor thereof;

"**Senior Unsecured Note Documents**" means, collectively, the Senior Unsecured Note Indenture, the Senior Unsecured Notes, and all other documentation related to the foregoing or governing the Senior Unsecured Notes;

"**Senior Unsecured Note Indenture**" means the indenture dated May 30, 2018, among Calfrac LP, as issuer of the Senior Unsecured Notes, Calfrac and Calfrac Well Services Corp., as initial guarantors, and the Senior Unsecured Notes Trustee;

"**Senior Unsecured Noteholder Claims**" means all outstanding Obligations owing by any Person, whether as issuer, guarantor or otherwise, with respect to the Senior Unsecured Notes or the Senior Unsecured Note Indenture as at the Effective Date, including, without limitation, all outstanding principal, accrued and unpaid interest at the applicable contract rate, and any fees and other payments (including any applicable prepayment and/or make-whole amounts) as at the Effective Date;

"**Senior Unsecured Noteholder New Common Share Pool**" means 31,307,618 post-Share Consolidation Common Shares, subject to the treatment of fractional interests in accordance with Section 5.2(a), representing 86% of the aggregate Common Shares issued and outstanding immediately following the implementation of Section 5.3(b) of this Plan (but, for greater certainty, before further dilution as a result of the issuance of the Commitment Consideration Shares pursuant to Section 5.3(e) of this Plan), and subject to adjustment in accordance with Section 4.6;

"**Senior Unsecured Noteholder Pro Rata Share**" means, in respect of a Senior Unsecured Noteholder, (i) the total principal amount of Senior Unsecured Notes held by that Senior Unsecured Noteholder as at immediately prior to the Effective Time, divided by (ii) the aggregate principal amount of Senior Unsecured Notes held by all Senior Unsecured Noteholders as at immediately prior to the Effective Time;

"**Senior Unsecured Noteholders**" means holders of Senior Unsecured Notes (including, as the context requires, beneficial holders of Senior Unsecured Notes);

"**Senior Unsecured Noteholders' Arrangement Resolution**" means the resolution of the Senior Unsecured Noteholders relating to the Arrangement to be considered at the Senior Unsecured Noteholders' Meeting, substantially in the form attached as Appendix "A" to the Circular;

"**Senior Unsecured Noteholders' Meeting**" means the meeting of the Senior Unsecured Noteholders as of the Record Date called and held pursuant to the Interim Order for the purpose of considering and voting on the Senior Unsecured Noteholders' Arrangement Resolution and to consider such other matters as may properly come before such meeting and includes any adjournment(s) or postponement(s) of such meeting;

"**Senior Unsecured Notes**" means the 8.50% senior unsecured notes of Calfrac LP in the maximum aggregate amount of US$650,000,000 due 2026 and issued and outstanding pursuant to the Senior Unsecured Note Indenture;

"**Senior Unsecured Notes Trustee**" means the Bank of Oklahoma, as trustee, in its capacity as trustee under the Senior Unsecured Note Indenture, and any successor thereof;

"**Share Consolidation**" has the meaning given to such term in Section 5.3(a);

"**Shareholders' Arrangement Resolution**" means the resolution of the Existing Shareholders relating to the Arrangement to be considered at the Shareholders' Meeting, substantially in the form attached as Appendix "B" to the Circular;

"**Shareholders' Meeting**" means the meeting of the Existing Shareholders as of the Record Date called and held pursuant to the Interim Order for the purpose of considering and voting on the Shareholders' Arrangement Resolution and to consider such other matters as may properly come before such meeting and includes any adjournment(s) or postponement(s) of such meeting;

"**Shortfall Amount**" means the Pro Rata Offering Amount, less the aggregate Electing Noteholder Amounts which have been funded to and received by the Escrow Agent by the Funding Deadline by all Electing Noteholders;

"**Shortfall Commitment**" means: (i) in respect of each Commitment Party (other than G2S2 and MATCO), its respective Commitment Pro Rata Share of the Shortfall Amount; and (ii) in respect of G2S2, the remaining Shortfall Amount after application of (i) above;

"**Shortfall Commitment Funded Amount**" has the meaning given to that term in Section 2.4(b);

"**Stock Option Plan**" means Calfrac's stock option plan approved by the directors on December 5, 2017, and by the shareholders on May 9, 2017;

"**Subscription Privilege**" means the non-transferable right of an Eligible Noteholder to participate in the Pro Rata Offering by electing, in accordance with the provisions of the Participation Form, to subscribe for and purchase from Calfrac up to its Electing Noteholder Pro Rata Share of the Pro Rata Offering Amount;

"**Support Agreement**" means, collectively, the support agreements (including all schedules attached thereto) among Calfrac and the Senior Unsecured Noteholders party thereto dated July 13, 2020, as such agreements may be amended, modified and/or supplemented from time to time;

"**Support Joinder Agreement**" means a joinder agreement, the form of which is appended to the form of Support Agreement, pursuant to which a Senior Unsecured Noteholder agrees, among other things, to be bound by and subject to the terms of the Support Agreement and thereby become a Consenting Noteholder thereunder;

"**Transfer Agent**" means Computershare Trust Company of Canada;

"**US$**" means the lawful currency of the United States of America; and

"**US Securities Act**" means the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder, or any successor statute.

**1.2 Certain Rules of Interpretation**

For the purposes of this Plan:

(a) Unless otherwise expressly provided herein, any reference in this Plan to an instrument, agreement or an Order or an existing document or exhibit filed or to be filed means such instrument, agreement, Order, document or exhibit as it may have been or may be amended, modified, restated or supplemented in accordance with its terms;

(b) The division of this Plan into articles and sections is for convenience of reference only and does not affect the construction or interpretation of this Plan, nor are the descriptive headings of articles and sections intended as complete or accurate descriptions of the content thereof;

(c) The use of words in the singular or plural, or with a particular gender, including a definition, shall not limit the scope or exclude the application of any provision of this Plan to such Person (or Persons) or circumstances as the context otherwise permits;

(d) The words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes but is not limited to" and "including but not limited to", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;

(e) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends;

(f) Unless otherwise provided, any reference to a statute or other enactment of parliament, a legislature or other Governmental Entity includes all regulations made thereunder, all

amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;

(g) References to a specific Recital, Article or Section shall, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specific Recital, Article or Section of this Plan, whereas the terms "this Plan", "hereof", "herein", "hereto", "hereunder" and similar expressions shall be deemed to refer generally to this Plan and not to any particular Recital, Article, Section or other portion of this Plan and include any documents supplemental hereto; and

(h) The word "or" is not exclusive.

**1.3 Governing Law**

This Plan shall be governed by and construed in accordance with the laws of Alberta and the federal laws of Canada applicable therein. All questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

**1.4 Currency**

Unless otherwise stated, all references in this Plan to sums of money are expressed in, and all payments provided for herein shall be made in, Canadian Dollars.

**1.5 Date for Any Action**

If the date on which any action is required to be taken hereunder by a Person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

**1.6 Time**

Time shall be of the essence in this Plan. Unless otherwise specified, all references to time expressed in this Plan and in any document issued in connection with this Plan mean local time in Calgary, Alberta, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. local time in Calgary, Alberta on such Business Day.

## ARTICLE 2
## ELECTIONS AND PRO RATA OFFERING

**2.1 Election to Participate In The Pro Rata Offering**

(a) Each Eligible Noteholder (including any Commitment Parties who are also Senior Unsecured Noteholders) shall have the right, but not the obligation, to participate in the Pro Rata Offering and to irrevocably elect to exercise its Subscription Privilege, provided that participation in the Pro Rata Offering shall be subject to, among other things, the terms of this Plan, the Interim Order and the Participation Form, conditioned upon the implementation of this Plan and effective on the Effective Date in accordance with Section 5.3(c).

(b) Pursuant to and in accordance with the Interim Order, the Applicants shall deliver (or cause to be delivered) a Participation Form to DTC, as the sole registered holder of the Senior Unsecured Notes. DTC shall, in accordance with its customary procedures, cause to be delivered through the Intermediaries to each beneficial Senior Unsecured Noteholder information pertaining to an electronic version of the Participation Form through a DTC bulletin and establish a voluntary corporate action pursuant to DTC's Automated Subscription Offer Program ("**ASOP**") or any similar program which provides each Senior Unsecured Noteholder with the opportunity to exercise its Subscription Privilege.

(c) In order to exercise its Subscription Privilege, an Eligible Noteholder must complete and submit the Senior Unsecured Noteholder's Participation Form prior to the Participation Deadline (or such earlier deadline as its Intermediary advise), and fund its respective Electing Noteholder Amount such that it is received by the Escrow Agent by the Funding Deadline, in each case in accordance with the procedures set forth in the Interim Order, the Circular and the Participation Form.

**2.2 Funding of Direct Commitment Private Placement**

(a) Each Commitment Party, on or prior to the Commitment Party Funding Deadline (or such earlier deadline as the Intermediary may advise), must either:

(i) forward its Direct Commitment to its Intermediary, payable by direct debit from the Commitment Party's brokerage account or by electronic funds transfer or other payment mechanism satisfactory to such Intermediary, sufficiently in advance of the Commitment Party Funding Deadline to allow the Intermediary to properly fund such Commitment Party's Direct Commitment on such Commitment Party's behalf; or

(ii) forward its Direct Commitment directly to the Escrow Agent so that it is received by the Escrow Agent by no later the Commitment Party Funding Deadline.

(b) Each Intermediary representing a Commitment Party that receives a Direct Commitment payment from the Commitment Party pursuant to Section 2.2(a)(i) must deposit, on behalf of such Commitment Party, its aggregate Direct Commitment so that it is received by the Escrow Agent by no later than the Commitment Party Funding Deadline.

**2.3 Funding of Shortfall Amount**

(a) As soon as practicable and in any event no later than the day following the Funding Deadline, the Applicants shall or shall direct the Proxy, Information and Exchange Agent to inform in writing (which may include by e-mail) each Commitment Party of: (i) the Shortfall Amount; (ii) the amount of New 1.5 Lien Notes to be acquired by each Commitment Party pursuant to its Shortfall Commitment; and (iii) the amount of the Shortfall Commitment required to be deposited in cash in escrow with the Escrow Agent by such Commitment Party by the Commitment Party Funding Deadline in order to purchase such Commitment Party's New 1.5 Lien Notes on account of its Shortfall Commitment pursuant to the Commitment Letter.

(b) Each Commitment Party (or its Intermediary as directed by such Commitment Party) must deposit its Shortfall Commitment in escrow with the Escrow Agent so that it is received by the Escrow Agent by no later than the Commitment Party Funding Deadline.

**2.4 Subscription and Issuance of New 1.5 Lien Notes**

(a) Each Electing Noteholder that complies (including by way of actions to be completed by its Intermediary, as applicable) with Section 2.1(c) (each a "**Funding Electing Noteholder**") shall be deemed to have subscribed for New 1.5 Lien Notes in an amount equal to the Electing Noteholder Amount deposited in escrow with the Escrow Agent in accordance with Section 2.1(c) (the "**Electing Noteholder Funded Amount**").

(b) Each Funding Commitment Party shall participate in the Direct Commitment Private Placement and shall be deemed to have subscribed for New 1.5 Lien Notes in an amount equal to the Direct Commitment deposited in escrow with the Escrow Agent in accordance with Section 2.2(b) (the "**Direct Commitment Funded Amount**"), and, if applicable shall be deemed to have subscribed for New 1.5 Lien Notes in an amount equal to the Shortfall Commitment deposited in escrow with the Escrow Agent in accordance with Section 2.3(b) (the "**Shortfall Commitment Funded Amount**").

(c) On the Effective Date:

(i) Calfrac shall cause to be issued and delivered to each Intermediary representing (A) Funding Electing Noteholders, the applicable amount of New 1.5 Lien Notes to be distributed to such Funding Electing Noteholders, and (B) Funding Commitment Parties, the applicable amount of New 1.5 Lien Notes to be distributed to such Funding Commitment Parties, in each case in accordance with Section 5.3(c); and

(ii) the Commitment Consideration Shares shall be issued to ArrangeCo, as agent for Commitment Parties, in accordance with Section 5.3(e).

## ARTICLE 3
## TREATMENT OF AFFECTED PARTIES

**3.1 Treatment of Senior Unsecured Noteholders**

(a) On the Effective Date, and in accordance with the times, steps and in the sequence set forth in Section 5.3, each Senior Unsecured Noteholder shall receive:

(i) its Senior Unsecured Noteholder Pro Rata Share of the Senior Unsecured Noteholder New Common Share Pool; and

(ii) if such Senior Unsecured Noteholder is an Early Consenting Noteholder, its Early Consenting Noteholder Pro Rata Share of the Early Consenting Noteholder New Common Share Pool;

all of which shall, and shall be deemed to, be received in full and final settlement of its Senior Unsecured Notes and Senior Unsecured Noteholder Claims.

(b) On the Effective Date, the Senior Unsecured Noteholder Claims shall, and shall be deemed to, have been irrevocably and finally extinguished; each Senior Unsecured Noteholder shall have no further right, title or interest in or to the Senior Unsecured Notes or its Senior Unsecured Noteholder Claim; and the Senior Unsecured Notes, the Senior Unsecured Note Indenture and any and all related Senior Unsecured Note Documents shall be cancelled and terminated pursuant to this Plan.

(c) The reasonable and documented outstanding fees, expenses and disbursements of the Senior Unsecured Notes Trustee, including for clarity the reasonable and documented outstanding fees, expenses and disbursements of legal counsel to the Senior Unsecured Notes Trustee pursuant to the terms of the Senior Unsecured Note Indenture, shall be paid in full in cash by Calfrac pursuant to the Senior Unsecured Note Indenture.

(d) All references to the principal amount of the Senior Unsecured Notes or the Senior Unsecured Noteholder Claims contained in this Plan shall refer to the principal amount of such Senior Unsecured Notes or the Senior Unsecured Noteholder Claims excluding any make-whole premiums, redemption premiums or other similar premiums.

**3.2 Treatment of Existing Equity Holders**

(a) Each Existing Shareholder shall retain its Existing Shares, subject to the Share Consolidation in accordance with Section 5.3(a) of this Plan and the treatment of fractional interests in accordance with Section 5.2 of this Plan, such that the Common Shares owned by the Existing Shareholders immediately following implementation of Section 5.3(b) of this Plan shall, in the aggregate, equal 8% of the aggregate Common Shares issued and outstanding immediately following the implementation of Section 5.3(b) of this Plan but, for greater certainty, before further dilution as a result of the issuance of the Commitment Consideration Shares pursuant to Section 5.3(e) of this Plan.

(b) The Stock Option Plan and the underlying Options shall be terminated and cancelled pursuant to Section 5.3(f) of this Plan.

(c) The PSU Plan and the underlying PSUs shall be terminated and cancelled pursuant to Section 5.3(g) of this Plan.

(d) All Existing Equity other than the Existing Shares, the Options and the PSUs (which shall be affected by this Plan as set forth in this Section 3.2) and the DSUs (which shall be unaffected by this Plan as set forth in Section 3.4(b)) shall be terminated and cancelled at the Effective Time for no consideration.

**3.3 Treatment of Funding Electing Noteholders and Funding Commitment Parties**

(a) On the Effective Date and in accordance with the steps and sequences set forth in Section 5.3, each Funding Electing Noteholder shall receive its New 1.5 Lien Notes based on its Electing Noteholder Funded Amount and each Funding Commitment Party shall receive its New 1.5 Lien Notes based on its Direct Commitment Funded Amount and, if applicable, its Shortfall Commitment Funded Amount.

(b) Each Funding Commitment Party shall be entitled to its pro rata share (based on its respective Shortfall Commitment as compared to the Shortfall Commitment of all Funding Commitment Parties) of the Commitment Consideration Shares, to be

distributed pursuant to Section 4.2(d), and subject to the treatment of fractional interests in accordance with Section 5.2(a).

**3.4 Unaffected Parties**

(a) This Plan and the Arrangement Agreement shall not, and shall not be deemed to, affect the Existing Lenders, the First Lien Agent, the Second Lien Noteholders or the Second Lien Notes Trustee, solely in such capacities, or any of Calfrac's obligations under or in respect of the First Lien Credit Agreement or the Second Lien Note Indenture.

(b) This Plan and the Arrangement Agreement shall not, and shall not be deemed to affect, the DSU Plan and the underlying DSUs.

**3.5 Securities Law Matters**

The Applicants intend that the issuance and distribution, pursuant to this Plan, of:

(a) Common Shares issued in exchange for the Senior Unsecured Notes pursuant to Section 5.3(b) this Plan will be: (i) exempt from prospectus requirements of Canadian securities legislation, to the extent applicable, pursuant to Section 2.11 of National Instrument 45-106 – Prospectus and Registration Exemptions of the Canadian Securities Administrators; and (ii) exempt from the registration requirements of the US Securities Act pursuant to section 3(a)(10) thereof;

(b) Common Shares issued upon conversion of the New 1.5 Lien Notes shall be exempt from prospectus requirements of Canadian securities legislation, to the extent applicable, pursuant to Section 2.11 of National Instrument 45-106 – Prospectus and Registration Exemptions of the Canadian Securities Administrators; and

(c) the New 1.5 Lien Notes have not been and will not be registered under the US Securities Act, or the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the US Securities Act. The Applicants shall notify all Eligible Noteholders (and Electing Noteholders shall agree) that the New 1.5 Lien Notes may not be converted into Common Shares (any such Common Shares issuable upon conversion of the New 1.5 Lien Notes, the "**Underlying Shares**") by any Person in the United States (nor will certificates representing Underlying Shares be issued upon conversion of the New 1.5 Lien Notes be registered or delivered to any Person in the United States or to any Person exercising for the account or benefit of a Person in the United States) unless such Underlying Shares have been registered under the US Securities Act and the applicable securities laws of any state of the United States or an exemption from such registration requirements is available.

**ARTICLE 4**
**ISSUANCES, DISTRIBUTIONS AND PAYMENTS**

**4.1 Delivery of New Common Shares**

(a) On the Effective Date, all New Common Shares (including the Commitment Consideration Shares) issued in connection with this Plan shall be deemed to be duly authorized, validly issued, fully paid and non-assessable.

(b) On the Effective Date, Calfrac shall deliver a treasury direction to the Transfer Agent that directs the Transfer Agent to issue all of the New Common Shares to be issued and distributed under this Plan and direct the Transfer Agent to use its commercially reasonable efforts to cause the New Common Shares under this Plan to be distributed by no later than the second Business Day following the Effective Date (or such other date as the Applicants and the Majority Commitment Parties may agree, each acting reasonably).

(c) The delivery of New Common Shares issued pursuant to this Plan shall be made:

(i) in respect of Senior Unsecured Noteholders that are entitled to receive New Common Shares under this Plan and who are able to receive New Common Shares through DTC, as of the Record Date, through the facilities of DTC, to Intermediaries who, in turn, will make delivery of the New Common Shares to the ultimate beneficial recipients thereof pursuant to standing instructions and customary practices of DTC;

(ii) in respect of any Senior Unsecured Noteholder that is entitled to receive New Common Shares under this Plan, has withdrawn its Senior Unsecured Notes from DTC, and holds such Senior Unsecured Notes in registered form, by providing either (A) Direct Registration System advices or confirmations or (B) certificated shares, as elected by such holder in consultation with Calfrac, in the name of the applicable recipient thereof (or its Intermediary) and registered electronically in Calfrac's records which will be maintained by the Transfer Agent; and

(iii) in respect of the Commitment Consideration Shares to be issued to the Commitment Parties, in accordance with Section 4.2.

**4.2 Delivery of Commitment Consideration Shares**

(a) Prior to the Effective Date, each Commitment Party shall provide registration and delivery instructions with respect to the Commitment Consideration Shares to which it is entitled pursuant to Section 3.3(b).

(b) On the Effective Date and in accordance with Section 5.3(e), the Commitment Consideration Shares will be issued to ArrangeCo, as agent for the Funding Commitment Parties, to be dealt with in accordance with this Section 4.2.

(c) Within three Business Days following the Effective Date, ArrangeCo, in its capacity as agent in connection with the Commitment Consideration Shares, and with the assistance of the Proxy, Information and Exchange Agent, shall determine the entitlement of each Funding Commitment Parties pursuant to Section 3.3(b).

(d) On the fifth Business Day following the Effective Date, ArrangeCo, in its capacity as agent in connection with the Commitment Consideration Shares, shall transfer and convey the Commitment Consideration Shares (and the Transfer Agent shall be deemed instructed to transfer and convey such Commitment Consideration Shares to) to the Funding Commitment Parties in accordance with the registration and delivery instructions provided pursuant to Section 4.2(a), subject to the treatment of fractional interests in accordance with Section 5.2(a). Following such distribution, any Commitment Consideration Shares remaining with ArrangeCo due to the treatment of

fractional interests in accordance with Section 5.2(a) shall be cancelled for no consideration.

**4.3 Delivery of Post-Share Consolidation Common Shares**

After the Effective Date and following delivery to the Depositary of a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may require, each registered Existing Shareholder shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such Existing Shareholder, Direct Registration System advices evidencing the post-Share Consolidation Common Shares, or certificated post-Share Consolidation Common Shares, to which the Existing Shareholder's Existing Shares are and are deemed to be consolidated pursuant to Section 5.3(a) of this Plan.

**4.4 Delivery of New 1.5 Lien Notes**

(a) The delivery of the New 1.5 Lien Notes shall be made by way of book entry to Intermediaries in respect of the aggregate New 1.5 Lien Notes that Funding Electing Noteholders and Funding Commitment Parties that have an account with each such Intermediary are entitled to pursuant to this Plan, and such Intermediary, in turn, will make delivery of such New 1.5 Lien Notes to the Funding Electing Noteholders and/or the Funding Commitment Parties, as applicable, as contemplated by Section 5.3(c) pursuant to the instructions received by the Intermediaries and customary practices of CDS, DTC or such other depository as agreed by the Applicants and the Initial Commitment Parties.

(b) None of the Applicants nor the New 1.5 Lien Note Trustee shall have any liability or obligation in respect of any deliveries of the New 1.5 Lien Notes from CDS, DTC or such other depository as agreed by the Applicants and the Initial Commitment Parties or the Intermediaries to the Funding Electing Noteholders or the Funding Commitment Parties, as applicable.

**4.5 Delivery of PSU Consideration**

As soon as practicable after the Effective Date, Calfrac shall pay the amounts, net of applicable withholdings, to be paid to holders of Equity-Based PSUs either: (i) pursuant to the normal payroll practices and procedures of Calfrac; or (ii) in the event that payment pursuant to the normal payroll practices and procedures of Calfrac is not practicable for any such holder, by cheque (delivered to such holder of Equity-Based PSUs as reflected on the register maintained by or on behalf of Calfrac in respect of the Equity-Based PSUs).

**4.6 Adjustment**

The number of New Common Shares comprising: (i) the Senior Unsecured Noteholder New Common Share Pool to be issued to Senior Unsecured Noteholders pursuant to Section 5.3(b)(i)(A); and (ii) the Early Consenting Noteholder New Common Share Pool to be issued to Early Consenting Noteholders pursuant to Section 5.3(b)(i)(B) shall be equal to 86% and 6%, respectively, of the aggregate number of Common Shares which are issued and outstanding immediately following implementation of Section 5.3(b) of this Plan. If the number of Common Shares issued and outstanding immediately following the implementation of the Share Consolidation pursuant to Section 5.3(a) of this Plan is not 2,912,337, then the Senior Unsecured Noteholder New Common Share Pool and the Early Consenting Noteholder New Common Share Pool shall be adjusted to ensure that the number of Common Shares issued to Senior

Unsecured Noteholders pursuant to Section 5.3(b)(i)(A) and to Early Consenting Noteholders pursuant to Section 5.3(b)(i)(B) shall be equal to 86% and 6%, respectively, of the aggregate number of Common Shares which are issued and outstanding immediately following implementation of Section 5.3(b) of this Plan.

**4.7 No Liability in respect of Deliveries**

(a) None of the Applicants, nor their respective directors or officers, shall have any liability or obligation in respect of any deliveries, directly or indirectly, from, as applicable, (i) the Senior Unsecured Notes Trustee, (ii) DTC, (iii) CDS or (iv) the Intermediaries, in each case to the ultimate beneficial recipients of any consideration payable or deliverable by the Applicants pursuant to this Plan.

(b) The Senior Unsecured Notes Trustee shall not incur, and is hereby released from, any liability as a result of carrying out any provisions of this Plan and any actions related or incidental thereto, save and except for any gross negligence or wilful misconduct on its part (as determined by a final, non-appealable judgment of a court of competent jurisdiction). On the Effective Date after the completion of the transactions set forth in Section 5.3, all duties and responsibilities of the Senior Unsecured Notes Trustee arising under or related to the Senior Unsecured Notes shall be discharged except to the extent required in order to effectuate this Plan.

**4.8 Surrender and Cancellation of Notes**

On the Effective Date, DTC (or its nominee) (as registered holder of the Senior Unsecured Notes on behalf of the Senior Unsecured Noteholders) and each other Person who holds Senior Unsecured Notes in registered form on the Effective Date shall surrender, or cause the surrender of, the certificate(s) representing the Senior Unsecured Notes to the Senior Unsecured Notes Trustee for cancellation in exchange for the consideration payable to Senior Unsecured Noteholders pursuant to Section 3.1.

**4.9 Application of Plan Distributions**

All amounts paid or payable hereunder on account of the Senior Unsecured Noteholder Claims (including, for greater certainty, any securities received hereunder) shall be applied as follows: (i) first, in respect of the principal amount of the Obligations to which such Senior Unsecured Noteholder Claims relate (including for U.S. federal income tax purposes); and (ii) second, only after the principal amount of the Obligations has been paid, in respect of any other Obligations to which such Senior Unsecured Noteholder Claims relate, including accrued but unpaid interest, default interest and make-whole amounts.

**4.10 Withholding Rights**

The Applicants shall be entitled to deduct and withhold from any consideration or other amount deliverable or otherwise payable to any Person hereunder such amounts as the Applicants may be required or permitted to deduct or withhold with respect to such payment under the *Income Tax Act* (Canada), or any provision of any applicable federal, provincial, state, local or foreign tax law or treaty, in each case, as amended, provided that any such right to deduct or withhold shall not otherwise change or modify the Applicants' obligations in respect of withholding taxes under the terms of the Senior Unsecured Note Indenture and any and all related Senior Unsecured Note Documents. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes hereof as having been paid to the relevant Person in respect of which such deduction and withholding was

made, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Entity by the Applicants.

## ARTICLE 5
## IMPLEMENTATION

### 5.1 Corporate Authorizations

The adoption, execution, delivery, implementation and consummation of all matters contemplated under this Plan involving corporate action of any of the Applicants will occur and be effective as of the Effective Date (or such other date as the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties may agree, each acting reasonably), and will be authorized and approved under this Plan and by the Court, where appropriate, as part of the Final Order, in all respects and for all purposes without any requirement of further action by shareholders, directors or officers of the Applicants. All necessary approvals to take actions shall be deemed to have been obtained from the directors or the shareholders of the Applicants, as applicable.

### 5.2 Fractional Interests

(a) No fractional Common Shares shall be issued under this Plan, including any fractional interests created as a result of the Share Consolidation, and fractional share interests shall not entitle the owner thereof to vote or to any rights of a holder of Common Shares. Any legal, equitable, contractual and any other rights or claims (whether actual or contingent, and whether or not previously asserted) of any Person with respect to fractional Common Shares pursuant to this Plan shall be rounded down to the nearest whole number of Common Shares without compensation therefor.

(b) All payments made in cash pursuant to this Plan shall be made in minimum increments of $0.01, and the amount of any payments to which a Person may be entitled to under this Plan shall be rounded down to the nearest multiple of $0.01.

(c) The New 1.5 Lien Notes issued pursuant to this Plan shall be issued in minimum increments of $1,000, and the amount of New 1.5 Lien Notes that each Eligible Noteholder shall be entitled to under this Plan shall in each case be rounded down to the nearest multiple of $1,000.

### 5.3 Effective Date Transactions

Commencing at the Effective Time, the following events or transactions will occur, or be deemed to have occurred and be taken and effected, in the following order in five minute increments (unless otherwise indicated) and at the times set out in this Section 5.3 (or in such other manner or order or at such other time or times as the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties may agree, each acting reasonably), without any further act or formality required on the part of any Person, except as may be expressly provided herein:

(a) The Existing Shares shall be, and shall be deemed to be, consolidated (the "**Share Consolidation**") on the basis of one (1) Common Share on a post-consolidation basis for every fifty (50) Common Shares outstanding immediately prior to the Effective Time. Any fractional interests in the consolidated Common Shares will, without any further act or formality, be cancelled without payment of any consideration therefor. Notwithstanding any provision of the CBCA, immediately following the completion of

the Share Consolidation, the stated capital of the Common Shares shall be equal to the stated capital of the Common Shares immediately prior to the Share Consolidation.

(b) The following shall occur concurrently:

(i) in exchange for the Senior Unsecured Notes issued by Calfrac LP, and in full and final settlement of the Senior Unsecured Noteholder Claims, Calfrac (for the benefit and on behalf of Calfrac LP) shall issue to each Senior Unsecured Noteholder:

(A) its Senior Unsecured Noteholder Pro Rata Share of the Senior Unsecured Noteholder New Common Share Pool; and

(B) if such Senior Unsecured Noteholder is an Early Consenting Noteholder, its Early Consenting Noteholder Pro Rata Share of the Early Consenting Noteholder New Common Share Pool;

and Calfrac shall add an amount (the "**Stated Capital Amount**") to the stated capital account maintained in respect of the New Common Shares equal to the lesser of: (i) the fair market value on the Effective Date of the New Common Shares issued to Senior Unsecured Noteholders pursuant to this Section 5.3(b); and (ii) the aggregate principal amount and accrued interest of the Senior Unsecured Notes as at the Effective Date, and the price for which the Senior Unsecured Notes are extinguished under this Plan shall be equal to the amount added to the stated capital account in respect of the issuance of the New Common Shares issued pursuant to this Section 5.3(b)(i);

(ii) the Senior Unsecured Noteholder Claims shall, and shall be deemed to be, irrevocably and finally extinguished and the Senior Unsecured Noteholders shall have no further right, title or interest in and to the Senior Unsecured Notes or their respective Senior Unsecured Noteholder Claims;

(iii) the Senior Unsecured Notes, the Senior Unsecured Note Indenture and any and all other related Senior Unsecured Note Documents shall be cancelled;

(iv) in consideration for the New Common Shares issued to Senior Unsecured Noteholders by Calfrac for the benefit and on behalf of Calfrac LP pursuant to Section 5.3(b)(i), Calfrac shall be deemed to have made a capital contribution to, and subscribed for partnership units in, Calfrac LP, such capital contribution consisting of the New Common Shares and in an amount equal to the Stated Capital Amount; and

(v) Calfrac LP shall add the Stated Capital Amount to the partnership capital account maintained for Calfrac.

(c) The following shall occur concurrently (unless otherwise indicated):

(i) the Applicants shall become entitled to the Funded Amounts deposited in escrow with the Escrow Agent pursuant to Sections 2.1(c), 2.2 and 2.3(b), subject to Article 7, and the Escrow Agent shall be deemed instructed to release to Calfrac the Funded Amounts held by the Escrow Agent;

(ii) Calfrac, the Obligors and the New 1.5 Lien Note Trustee shall enter into the New 1.5 Lien Note Documents in form and substance acceptable to the Applicants and the Initial Commitment Parties, each acting reasonably;

(iii) Calfrac shall issue or cause to be issued to each Funding Electing Noteholder its New 1.5 Lien Notes in consideration for its Electing Noteholder Funded Amount; and

(iv) Calfrac shall issue or cause to be issued to each Funding Commitment Party its New 1.5 Lien Notes in consideration for its Direct Commitment Funded Amount and, if applicable, its Shortfall Commitment Funded Amount.

(d) The articles of ArrangeCo shall be amended to include the following restrictions on the business that ArrangeCo may carry on effective as of the Effective Date:

"The business that the Corporation may carry on shall be limited to the activities and operations necessary or desirable to hold, as agent for and on behalf of the Funding Commitment Parties, the Commitment Consideration Shares under the plan of arrangement of the Corporation, Calfrac Well Services Ltd., Calfrac (Canada) Inc., Calfrac Well Services Corp. and Calfrac Holdings LP, by its general partner, Calfrac (Canada) Inc. (the "**Plan of Arrangement**"), pursuant to the terms of the Plan of Arrangement, and to carry out such other roles as may be required by such Plan of Arrangement or any court orders related to such Plan of Arrangement. These restrictions shall not prejudice the ability of the Corporation to sell, dispose or otherwise transact with respect to assets or property held by the Corporation as of the date on which these restrictions were added to the articles of the Corporation."

(e) Calfrac shall issue to ArrangeCo the Commitment Consideration Shares, to be subsequently allocated among and transferred to the Funding Commitment Parties based on each Funding Commitment Party's pro rata share (based on its respective Shortfall Commitment as compared to the Shortfall Commitment of all Funding Commitment Parties), subject to the treatment of fractional interests in accordance with Section 5.2(a).

(f) The Stock Option Plan shall terminate, and all underlying Options shall be cancelled for no consideration.

(g) The following shall occur concurrently (unless otherwise indicated):

(i) Each Equity-Based PSU outstanding immediately prior to the Effective Time (whether vested or unvested) shall, in accordance with the terms of the PSU Plan, and without any further action by or on behalf of a holder of Equity-Based PSUs, be deemed to be vested and each holder of such Equity-Based PSU shall receive, for each Equity-Based PSU, from the applicable Employer Entity, a cash payment equal to the 5-day volume weighted average trading price of the Common Shares on the Toronto Stock Exchange immediately prior to the Effective Date (less any applicable withholding tax or other source deductions), provided that the aggregate payments to holders of Equity-Based PSUs shall not exceed $175,000.

(ii) The PSU Plan shall terminate, and all underlying PSUs (including all Equity-Based PSUs) shall be cancelled for no consideration (except as set forth in Section 5.3(g)(i) above).

(h) All remaining Existing Equity other than the Existing Shares, the New Common Shares and the DSUs (which shall be unaffected by this Plan as set forth in Section 3.4(b)) shall be terminated and cancelled for no consideration

(i) The releases referred to in Sections 6.1 and 6.2 shall become effective.

(j) ArrangeCo shall transfer all of its assets (other than the Commitment Consideration Shares) to Calfrac in consideration for a non-interest bearing promissory note issued by Calfrac in a principal amount equal to the value of the transferred assets.

(k) The Omnibus Incentive Plan shall be deemed to be approved by all of the Existing Shareholders and those Persons receiving New Common Shares pursuant to this Plan.

(l) The stated capital account for the Common Shares of Calfrac shall be reduced **[to/by]** $[●] and a corresponding increase be made to Calfrac's contributed surplus account. **[note: to be completed prior to Effective Date] [NTD: May be $1.00 if no stated capital reduction is required.]**

### 5.4 Transfers Free and Clear

Any transfer of any securities pursuant to the Arrangement will be free and clear of any hypothecs, liens, Claims, encumbrances, charges, adverse interests or security interests.

### 5.5 Undeliverable Distributions

To the extent that an Existing Shareholder has not delivered a Letter of Transmittal to the Depositary (in accordance with Section 4.3) on or before the date that is six (6) years less one Business Day after the Effective Date (the "**Final Proscription Date**"), then any right or claim to post-Share Consolidation Common Shares hereunder that remains outstanding on the Final Proscription Date shall cease to represent a right or claim of any kind or nature and the right of the applicable Existing Shareholder to receive its post-Share Consolidation Common Shares pursuant to the Arrangement shall terminate and be deemed to be surrendered and forfeited to Calfrac for no consideration.

## ARTICLE 6
## RELEASES

### 6.1 Release of Released Parties

At the applicable time pursuant to Section 5.3, each of the Released Parties shall be forever and irrevocably released and discharged from any and all present and future actions, causes of action, damages, judgments, executions, obligations, liabilities and Claims of any kind or nature whatsoever arising on or prior to the Effective Date in connection with the Senior Unsecured Notes, the Senior Unsecured Note Indenture, the Support Agreement, the Existing Shares, the Arrangement, the Arrangement Agreement, this Plan, the CBCA Proceedings, the Chapter 15 Proceedings and any other proceedings commenced with respect to or in connection with this Plan, the transactions contemplated hereunder (including, without limitation, the issuance of the New Common Shares and the New 1.5 Lien Notes and the execution of the New 1.5 Lien Note Documents), and any other actions, agreements,

documents or matters related directly or indirectly to the foregoing, provided that nothing in this paragraph shall release or discharge any Released Party:

(a) from or in respect of their respective obligations under this Plan, the Support Agreement, the Commitment Letter or any Order or document ancillary to any of the foregoing;

(b) from liabilities or Claims attributable to such Released Party's fraud, gross negligence or wilful misconduct, as determined by the final, non-appealable judgment of the Court; or

(c) from any and all present and future actions, causes of action, damages, judgments, executions, obligations and Claims of any kind or nature whatsoever arising or in existence on or prior to the Effective Date and relating to any such Released Party other than in respect of their respective roles as a Released Party, provided further that nothing herein shall release any Claims of the Applicants as asserted in Court File Number 1801-07588, in the Court of Queen's Bench of Alberta, Judicial Centre of Calgary.

The foregoing release shall not be construed to prohibit a party in interest from seeking to enforce the terms of this Plan or any contract or agreement entered into pursuant to, in connection with or contemplated by this Plan.

**6.2 Release by Affected Parties**

Without limiting Section 6.1, at the applicable time pursuant to Section 5.3, each Affected Party shall, and shall be deemed to, irrevocably and forever release any right to challenge, contest, dispute or seek to set aside, amend or vary the Arrangement, this Plan, the transactions contemplated hereunder or the securities and indebtedness of the Applicants in effect immediately following the Effective Time (including, without limitation, the obligations, priorities and entitlements in respect of the First Lien Credit Agreement, the New 1.5 Lien Notes and the New 1.5 Lien Note Documents, the Second Lien Notes and the Second Lien Note Documents, and the New Common Shares), and all Affected Parties shall be permanently enjoined from asserting or proceeding with any Claim, directly or indirectly, in respect of the foregoing.

**6.3 Injunctions**

All Persons are permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Date, with respect to any and all Released Claims, from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any Claim, action, suits, demands or other proceedings of any nature or kind whatsoever of any Person against the Released Parties, as applicable; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties; (iii) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the Released Parties or their property; or (iv) taking any actions to interfere with the implementation or consummation of this Plan or the transactions contemplated hereunder; provided, however, that the foregoing shall not apply to the enforcement of any obligations under this Plan or any document, instrument or agreement executed to implement, or otherwise to be executed and delivered in connection with, this Plan.

## ARTICLE 7
## RELEASE OF FUNDS FROM ESCROW

### 7.1 Release of Funds from Escrow

The Escrow Agent shall release the Funded Amounts, or portions thereof, as follows and in accordance with the terms of the Escrow Agreement:

(a) On the Effective Date, the Escrow Agent shall release from escrow to Calfrac, at the applicable time, the Funded Amounts, together with all interest accrued thereon, pursuant to and in accordance with Section 5.3(c)(i).

(b) If this Plan is terminated for any reason (including, without limitation, as a result of the termination of the Support Agreement or the Commitment Letter) or not implemented in accordance with the terms hereof by the Outside Date (as such date may be extended by the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably), the Escrow Agent shall as soon as practicable return all Funded Amounts to the applicable Intermediaries of the Funding Electing Noteholders and the Funding Commitment Parties, as applicable, together with all interest accrued thereon.

(c) If the Commitment Letter is terminated in respect of any particular Commitment Party, the Escrow Agent shall, at the request of such Commitment Party, return to such Commitment Party all Funded Amounts deposited with the Escrow Agent by or on behalf of such Commitment Party, together with all interest accrued thereon.

(d) If any Intermediary representing a Funding Electing Noteholder or Funding Commitment Party provides to the Escrow Agent more than its applicable Electing Noteholder Amounts or Commitment, as applicable, under this Plan, the Escrow Agent shall as soon as practicable return any excess funds to such Intermediary or Funding Commitment Party, as applicable, together with all interest accrued thereon.

## ARTICLE 8
## CONDITIONS PRECEDENT AND IMPLEMENTATION

### 8.1 Conditions to Plan Implementation

The implementation of this Plan shall be conditional upon the fulfilment, satisfaction or waiver (to the extent permitted by Section 8.2) of the following conditions:

(a) the Plan shall have been approved by the requisite majorities of Senior Unsecured Noteholders and Existing Shareholders in conformity with the Interim Order as and to the extent required by the Court;

(b) this Plan shall have been approved pursuant to the Final Order;

(c) if determined necessary by the Applicants, acting reasonably, after consultation with the Initial Consenting Noteholders, the Final Order shall have been recognized pursuant to a Chapter 15 Recognition Order;

(d) the Final Order and the Chapter 15 Recognition Order (if determined necessary by the Applicants, acting reasonably, after consultation with the Initial Consenting Noteholders)

shall not be subject to appeal or an application for leave to appeal, and all applicable appeal periods in respect of the Final Order and the Chapter 15 Recognition Order shall have expired;

(e) all conditions to implementation of the Plan set out in the Support Agreement shall have been satisfied or waived in accordance with the terms of the Support Agreement, and the Support Agreement shall not have been terminated;

(f) all conditions to the funding commitments of the Commitment Parties set out in the Commitment Letter shall have been satisfied or waived in accordance with the terms of the Commitment Letter, and the Commitment Letter shall not have been terminated;

(g) the Applicants shall not have entered into any settlement in respect of any outstanding litigation (including the proceedings bearing Court File Number 1801-07588 in the Court of Queen's Bench of Alberta, Judicial Centre of Calgary) or with any Person involved in or subject to such litigation without the prior consent of the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably; and

(h) the Applicants shall not have amended or modified the Second Lien Note Indenture in any material fashion or made any payment to Second Lien Noteholders, other than the payment of regularly scheduled interest, without the prior consent of the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably.

**8.2 Waiver of Conditions**

The Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties may at any time and from time to time waive the fulfillment or satisfaction, in whole or in part, of the conditions set out in Section 8.1, to the extent and on such terms as the parties may agree, in writing, provided however that the conditions set out in Sections 8.1(a) and 8.1(b) cannot be waived, Section 8.1(e) can only be waived by the Applicants and the Initial Consenting Noteholders and Section 8.1(f) can only be waived by the Applicants and the Majority Commitment Parties.

**8.3 Effectiveness**

This Plan will become effective in the sequence described in Section 5.3 on the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, and shall be binding on and enure to the benefit of the Applicants, the Senior Unsecured Noteholders, the Senior Unsecured Note Trustee, all Existing Equity Holders, the Released Parties and all other Persons named or referred to in, or subject to, this Plan and their respective successors and assigns and their respective heirs, executors, administrators and other legal representatives, successors and assigns. The Articles of Arrangement shall be filed and the Certificate of Arrangement shall be issued in each case with respect to the Arrangement in its entirety. The Certificate of Arrangement shall be conclusive evidence that the Arrangement has become effective and that each of the provisions in Section 5.3 has become effective in the sequence set forth therein. No portion of this Plan shall take effect with respect to any party or Person until the Effective Time.

**8.4 Effect of Non-Occurrence of Conditions to Plan Implementation**

If the Effective Date does not occur on or before the termination of the Support Agreement, then: (a) this Plan shall be null and void in all respects; (b) any settlement or compromise embodied in this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null and void; and (c) the Applicants' obligations with respect to the Obligations, Senior Unsecured Note Documents and Senior

Unsecured Noteholder Claims shall remain unchanged and nothing contained in this Plan shall constitute or be deemed a waiver or release of any Senior Unsecured Noteholder Claims.

## ARTICLE 9
## GENERAL

### 9.1 Deemed Consents, Waivers and Agreements

At the Effective Time:

(a) each Senior Unsecured Noteholder, Commitment Party and Existing Shareholder shall be deemed to have consented and agreed to all of the provisions of this Plan in its entirety;

(b) each Applicant, Senior Unsecured Noteholder, Commitment Party, Existing Shareholder and Existing Equity Holder shall be deemed to have executed and delivered to the other parties all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety; and

(c) all consents, releases, assignments and waivers, statutory or otherwise, required from any Person to implement and carry out this Plan in its entirety shall be deemed to have been executed and delivered to the Applicants.

### 9.2 Waiver of Defaults

From and after the Effective Time, all Affected Parties shall be deemed to have consented and agreed to all of the provisions of this Plan in its entirety. Without limiting the foregoing, from and after the Effective Time, all Affected Parties shall be deemed to have:

(a) waived any and all defaults or events of default, or any non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, instrument, credit document, note, indenture, lease, licence, guarantee, agreement for sale or other agreement, written or oral, in each case relating to, arising out of, or in connection with, the Obligations, the Senior Unsecured Note Documents, the Support Agreement, the Arrangement, the Arrangement Agreement, this Plan, the transactions contemplated hereunder, the CBCA Proceedings, the Chapter 15 Proceedings and any other proceedings commenced with respect to or in connection with this Plan and any and all amendments or supplements thereto. Any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection with any of the foregoing shall be deemed to have been rescinded and of no further force or effect, provided that nothing shall be deemed to excuse the Applicants and their respective successors and assigns from performing their obligations under this Plan or any contract or agreement entered into pursuant to, in connection with, or contemplated by, this Plan, including, without limitation, the Support Agreement; and

(b) agreed that if there is any conflict between the provisions of any agreement or other arrangement, written or oral, existing between such Person and any of the Applicants prior to the Effective Date (excluding the First Lien Credit Agreement and the Loan Documents (as defined in the First Lien Credit Agreement)) and the provisions of this Plan, then the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement are deemed to be amended accordingly,

provided, however, that notwithstanding any other provision of this Plan, nothing herein shall affect the obligations of any of the Applicants to any employee thereof in their capacity as such, including any contract of employment between any Person and any of the Applicants.

### 9.3 Compliance with Deadlines

The Applicants shall have the right with the consent of the Majority Commitment Parties to waive strict compliance with Early Consent Date, the Participation Deadline, the Funding Deadline or the Commitment Party Funding Deadline, along with any other deadlines for the submissions of forms or other documentation pursuant to this Plan, and shall be entitled to waive any deficiencies with respect to any forms or other documentation submitted pursuant to this Plan.

### 9.4 Paramountcy

From and after the Effective Date, any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, by-laws or other agreement, written or oral, and any and all amendments or supplements thereto existing between one or more of the Senior Unsecured Noteholders and any of the Applicants with respect to the Senior Unsecured Note Documents as at the Effective Date shall be deemed to be governed by the terms, conditions and provisions of this Plan and the Final Order, which shall take precedence and priority.

### 9.5 Deeming Provisions

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

### 9.6 Modification of Plan

Subject to the terms and conditions of the Support Agreement and the Commitment Letter, including any notices, consents and deliveries required thereunder:

(a) the Applicants reserve the right to amend, restate, modify and/or supplement this Plan at any time and from time to time, provided that (except as provided in subsection (c) below) any such amendment, restatement, modification or supplement must be contained in a written document that is: (i) acceptable to the Initial Consenting Noteholders, acting reasonably; (ii) filed with the Court and, if made following the Meetings, approved by the Court; and (iii) communicated to the Senior Unsecured Noteholders and Existing Shareholders in the manner required by the Court (if so required);

(b) any amendment, modification or supplement to this Plan may be proposed by the Applicants at any time prior to or at the Meetings, with or without any prior notice or communication (other than as may be required under the Interim Order), and if so proposed and accepted at the Meetings, shall become part of this Plan for all purposes; and

(c) any amendment, modification or supplement to this Plan may be made following the Meetings by the Applicants, without requiring filing with, or approval of, the Court, provided that it concerns a matter which is of an administrative nature and is required to better give effect to the implementation of this Plan and is not materially adverse to the financial or economic interests of any of the Senior Unsecured Noteholders or Existing Shareholders.

### 9.7 Notices

Any notice or other communication to be delivered hereunder must be in writing and refer to this Plan and may, as hereinafter provided, be made or given by personal delivery, ordinary mail or email addressed to the respective parties as follows:

(a) if to the Applicants, at:

Calfrac Well Services Ltd.
Suite 500, 407 – 8th Avenue SW
Calgary, Alberta T2P 1E5

Attention: Jeff Ellis
Email: jellis@calfrac.com

With a required copy (which shall not be deemed notice) to:

Bennett Jones LLP
4500 Bankers Hall East
855 - 2nd Street SW
Calgary, Alberta T2P 4K7

Attention: Kevin Zych and Brent Kraus
Email: zychk@bennettjones.com; krausb@bennettjones.com

(b) if to any of the Initial Consenting Noteholders, at the applicable address set forth for each Initial Consenting Noteholder in the Support Agreement; and

(c) if to any of the Commitment Parties, at the applicable address set forth for each Commitment Party in the Commitment Letter.

or to such other address as any party above may from time to time notify the others in accordance with this Section 9.7. In the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by email and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been given or made. Any such notices and communications so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of emailing, provided that such day in either event is a Business Day and the communication is so delivered or emailed before 5:00 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. The unintentional failure by the Applicants to give a notice contemplated hereunder to any particular Senior Unsecured Noteholder or Existing Shareholder shall not invalidate this Plan or any action taken by any Person pursuant to this Plan.

### 9.8 Further Assurances

Notwithstanding that the transactions and events set out herein will occur and be deemed to occur in the order set out in this Plan without any further act or formality, subject to the terms of the Support Agreement, each of the Persons named or referred to in, affected by or subject to, this Plan will make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them to carry out the full intent and meaning of this Plan and to give effect to the transactions contemplated herein.

**APPENDIX "I"**
**TERM SHEET OF THE NEW 1.5 LIEN NOTES**

**CALFRAC WELL SERVICES LTD.**

**1.5 LIEN NOTES**
**("New 1.5 Lien Notes")**

**Summary of Terms and Conditions**

*Unless otherwise noted, all references to $ herein are to Canadian dollars. Defined terms used in this summary are defined below. Capitalized terms used in this term sheet and not otherwise defined shall have the meanings given to them in the management information circular of Calfrac Well Services Ltd. dated August 17, 2020, to which this term sheet is attached.*

| | |
|---|---|
| **Issuer** | Calfrac Well Services Ltd. (the "**Company**") |
| **Guarantor** | Calfrac Well Services Corp. and Calfrac LP (together with the Company, the "**Obligors**"). |
| **Issuance** | $60,000,000 senior secured convertible payment-in-kind notes (the "**New 1.5 Lien Notes**") will be issued on a private placement basis: (a) as to $45 million, to the Commitment Parties; and (b) as to $15 million, to the holders of Senior Unsecured Notes (the "**Senior Unsecured Noteholder Group**") pursuant to the Pro Rata Offering<br><br>The Commitment Parties shall be entitled to a backstop fee in the amount of $1.5 million, payable in common shares pursuant to the Plan of Arrangement and described in the Commitment Letter.<br><br>An amount to be agreed upon by the Company and the Initial Commitment Parties (as hereinafter defined) from the proceeds of the New 1.5 Lien Notes shall be subject to a holdback (to be held by the Note Trustee (as hereinafter defined)) and not advanced to the Issuer if, and to the extent that, the Obligors have not completed all security registration and perfection actions required pursuant to the Note Documents (as hereinafter defined) to the satisfaction of the Initial Commitment Parties, acting reasonably. |
| **Maturity Date** | The New 1.5 Lien Notes will have a term to maturity of three (3) years from Closing (the "**Maturity Date**"). |
| **Interest** | The New 1.5 Lien Notes will bear interest at a rate of 10% per annum, which interest shall be payable in cash semi-annually on March 15 and September 15 of each year (each, an "**Interest Payment Date**").<br><br>On each Interest Payment Date, the Company may elect to defer and pay in kind any interest accrued as of such Interest Payment Date by increasing the unpaid principal amount of the New 1.5 Lien Notes as at such date (each, a "**PIK Interest Payment**"), which PIK Interest Payment shall be allocated pro rata to all New 1.5 Lien Noteholders. Following each such increase in the principal amount of the New 1.5 Lien Notes as a result of any PIK Interest Payment, the New 1.5 Lien Notes will bear interest on such increased principal amount from and after the date of each such PIK Interest Payment. Upon repayment of the New 1.5 Lien Notes, any interest which has accrued thereon but has not been capitalized as set forth above shall be paid in cash. |

Upon and following the occurrence of an event of default that is continuing, the New 1.5 Lien Obligations shall bear interest at a rate equal to 2% above the applicable rate, in each case until the New 1.5 Lien Obligations are indefeasibly paid in full.

**Intercreditor Agreement**

The Company shall, in respect of the New 1.5 Lien Obligations, take such steps as may be required pursuant to the existing intercreditor agreement, dated February 14, 2020, among the Company, Calfrac LP and Calfac Well Services Corp., as debtors, Wilmington Trust, National Association, as trustee and collateral agent for the holders of the Second Lien Notes, and HSBC, as agent under the Credit Agreement (the "**Existing Intercreditor Agreement**"), to satisfy the Initial Commitment Parties that all such New 1.5 Lien Obligations shall constitute New First Lien Obligations and First Lien Obligations (in both cases as defined in the Existing Intercreditor Agreement) for all purposes under the Existing Intercreditor Agreement.

The Note Trustee (as defined below) shall: (a) sign a joinder to the Existing Intercreditor Agreement; and (b) enter into a separate intercreditor agreement with HSBC, as agent, on terms acceptable to the Initial Commitment Parties (the "**New Intercreditor Agreement**" and, together with the Existing Intercreditor Agreement, the "**Intercreditor Agreements**"), which taken together, will reflect the ranking and priority of the First Priority Lien, 1.5 Priority Lien and the Second Priority Lien.

**Existing Liens**

The Existing Collateral is currently subject to the following liens:

(a) liens securing any obligations of the Obligors pursuant to the Credit Agreement and as created under the Collateral Documents (collectively, the "**First Priority Lien**"); and

(b) liens securing any obligations of the Obligors pursuant to the Second Lien Notes (collectively, the "**Second Priority Lien**").

**1.5 Priority Lien**

The New 1.5 Lien Obligations will be fully and unconditionally guaranteed, jointly and severally, on a senior secured basis (the "**1.5 Priority Lien**") by the Obligors, and shall be secured over not less than all of the present and future Existing Collateral. The 1.5 Priority Lien shall rank second in priority only to the First Priority Lien and shall rank ahead of the Second Priority Lien, as set forth in and subject to the terms of the Intercreditor Agreements. The New 1.5 Lien Obligations secured by the 1.5 Priority Lien shall not otherwise be subordinated or postponed to the obligations of the Obligors under the Collateral Documents or to any other obligations secured by the First Priority Lien.

The 1.5 Priority Lien will be registered and perfected against the Existing Collateral, including all personal and real property, in a matter satisfactory to the Initial Commitment Parties, acting reasonably.

**Ranking / Subordination**

Subject to the applicable Intercreditor Agreement, the 1.5 Priority Lien will form part of the Company's senior secured obligations and will rank:

(a) senior to all of the Company's future obligations, unsecured obligations and the obligations of the Company in respect of the Second Lien Notes; and

(b) junior to the obligations under the Credit Agreement.

| | |
|---|---|
| **Documentation** | The New 1.5 Lien Notes shall be established upon negotiation and completion of documentation customary for a senior secured convertible debenture issuance transactions of this nature, including, without limitation, a definitive note indenture governed by Alberta law (the "**Indenture**"), the notes and security documentation (collectively, the "**Note Documents**") in form and substance acceptable to the Initial Commitment Parties, acting reasonably. Without limitation, the terms of the Note Documents will include terms requiring approval of 100% of the New 1.5 Lien Noteholders for amendments, modifications or consents to, or waivers of, certain fundamental terms of the Note Documents, such as those items requiring 100% approval under the terms of the Second Lien Note Indenture and the Credit Agreement. In addition, the terms of the Note Documents will include restrictions on other fundamental items, which shall be subject to baskets, repayment obligations and material approval thresholds by the New 1.5 Lien Noteholders, in each case to be agreed upon by the Initial Commitment Parties and the Company (e.g. restrictions on the release of any guarantees or security, negative covenants in respect of the incurrence of additional debt, additional liens, restricted payments, disposition of assets, etc.), each acting reasonably. |
| **Denomination** | The New 1.5 Lien Notes will be issued in minimum denominations of $2,000 principal amount and integral amounts of $1,000 principal amount in excess thereof. The New 1.5 Lien Notes will be issued in book-entry form only and will be in the form of one or more global certificates, which will be deposited with a trustee mutually acceptable to the Company and the Initial Commitment Parties (each acting reasonably) (the "**Note Trustee**"). |
| **Conversion** | The New 1.5 Lien Notes will be convertible at the holder's option into common shares in the capital of the Company ("**Common Shares**") at any time prior to the Maturity Date at a conversion price of $0.02665 per Common Share (prior to giving effect to the Share Consolidation contemplated by the Recapitalization) (the "**Conversion Price**"), being a ratio of approximately 37,530 pre-Share Consolidation Common Shares per $1,000 principal amount of New 1.5 Lien Notes (the "**Conversion Privilege**"). The Conversion Price shall be subject to standard anti-dilution adjustments upon, among other things, share consolidations, share splits, spin-off events, rights issues, reorganizations and for certain dividends or distributions to holders of Common Shares. |
| **Redemption** | The Company shall have no right of redemption. |
| **Repayment** | Repayment of the New 1.5 Lien Notes, along with payment of all other New 1.5 Lien Obligations, is due in full on the Maturity Date. |
| **Change of Control** | Upon the occurrence of certain changes of control as defined in the Indenture, the Company will be required to offer to repurchase all outstanding New 1.5 Lien Notes at a purchase price equal to 101% of the aggregate principal amount of the New 1.5 Lien Notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase. |

**Covenants, Representations and Warranties**

Usual and customary for a senior secured note issuance (but subject to reasonable and customary exceptions, thresholds and materiality and knowledge qualifiers to be agreed to by the parties specified in the Indenture). In addition and without limiting the foregoing, the Note Documents will include the restriction on debt test in the Second Lien Indenture (although the Investment Grade covenant suspension shall not apply); a prohibition on the issuance of any additional New 1.5 Lien Notes in the future or any other indebtedness ranking senior or pari passu to the New 1.5 Lien Notes in right of payment or security; and a restriction on advances under the Credit Agreement other than by traditional first lien bank lenders or financial institutions similar to those under the Credit Agreement as of the date hereof and on a consistent and similar basis to which they are currently being made as of the date hereof. Any additional permitted first priority bank indebtedness (or any refinancing thereof) incurred by the Company after the date hereof must be borrowed from traditional bank lenders and financial institutions similar to those under the Credit Agreement as of the date hereof, and shall be subject to the terms of the Intercreditor Agreements.

In addition thereto, the Company shall be required to obtain the written approval from the Consenting 1.5 Lien Noteholders to effect the following:

(a) amending the articles, by-laws or other constating documents of the Company or any of the other Obligors;

(b) altering or changing the rights, preferences or privileges of the common shares, or creating any class or series of shares on parity with or having preference over the common shares in any manner adverse to any of the New 1.5 Lien Holders;

(c) increasing the size of the Board from seven (7) members;

(d) making any change of control or similar payment to any director, officer or employee of the Obligors, resulting from the Recapitalization Transaction; and

(e) entering into or otherwise acquiescing in any agreement or arrangement containing covenants which restrict the ability of the Company to conduct any business in any material fashion.

If one or more 1.5 Lien Nominee Directors (as defined in Schedule "H" to the Commitment Letter) fails to be elected as a director, then in addition to the matters described above, the Company must obtain prior written approval from the Consenting 1.5 Lien Noteholders to effect the following:

(a) any purchase, acquisition, sale, lease or disposition, through one transaction or a series of related transactions, involving a value, proceeds or cost in excess of $25 million; and

(b) entering into any related party transactions with a value in excess of $500,000 in the aggregate for any fiscal year of the Borrower.

The "**Consenting 1.5 Lien Noteholders**" means New 1.5 Lien Noteholders, holding not less than $66^{2/3}$% of the aggregate principal amount of the New 1.5 Lien Notes held by all New 1.5 Lien Noteholders.

**Conditions Precedent**

Usual and customary for this type of note issuance, including, without limitation, the following:

(a) all conditions precedent to the Recapitalization Transaction shall have been satisfied, solely except for the filing of the Plan of Arrangement to give effect to the Recapitalization Transaction;

(b) the conditional approval of the TSX to the issuance of the common shares issuable to pursuant to the New 1.5 Lien Notes;

(c) approval from the lenders under the Credit Agreement;

(d) the Initial Commitment Parties shall be satisfied, in their sole discretion, that (i) the New 1.5 Lien Obligations shall constitute New First Lien Obligations and First Lien Obligations (in both cases as defined in the Existing Intercreditor Agreement) for all purposes under the Existing Intercreditor Agreement, (ii) the New 1.5 Lien Obligations are permitted secured obligations pursuant to the Existing Intercreditor Agreement, Credit Agreement and Second Lien Notes Indenture, and (iii) the New 1.5 Lien Notes have the security and priority contemplated pursuant to this Term Sheet;

(e) customary legal opinions of counsel to the Obligors confirming, among other things, that the Note Documents have been duly authorized, executed and delivered by the Obligors, enforceability, validity and registration of security, and that the terms of the Recapitalization Transaction and the execution and delivery, and performance by the Obligors of their obligations under, the Note Documents do not conflict with the First Lien Credit Agreement, as amended in connection with the Recapitalization Transaction, or the Second Lien Note Indenture;

(f) a certificate of a senior officer of each Obligor confirming, among other things, that such officer is not aware of any facts or circumstances that would reasonably be expected to materially and adversely affect the business, prospects or financial condition of the Obligors, or the performance by the Obligors of their obligations under the Note Documents; and

(g) other usual and customary closing certificates and documents.

Additionally, each subscriber of New 1.5 Lien Notes shall have entered into a support agreement with respect to the Recapitalization Transaction, in a form acceptable to the Company.

**Events of Default**

Customary events of default for this type of financing transaction. The New 1.5 Lien Notes will automatically become due and payable on the occurrence of customary insolvency, bankruptcy, winding-up, liquidation, reorganization, arrangement and other similar related events of default, or on the election of New 1.5 Lien Noteholders holding not less than 25% of the aggregate principal amount of the New 1.5 Lien Notes during the continuance of any other event of default.

**Assignment, Sale and Transfer**

The Company shall not assign any of its rights or obligations hereunder.

The holders of New 1.5 Lien Notes may sell or transfer their New 1.5 Lien Notes subject to applicable securities laws and any agreements among the holders thereof.

**Expenses and Indemnification**

All reasonable documented out of pocket expenses incurred by the New 1.5 Lien Noteholders with regard to the negotiation, preparation, closing and enforcement of the Note Documents shall be for the account of the Company. Customary indemnification provisions from the Company and Obligors to be included.

**Governing Law**

Province of Alberta

**Definitions**

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

"**Credit Agreement**" means the Amended and Restated Credit Agreement dated April 30, 2019 between the Company, as borrower, HSBC Bank Canada ("**HSBC**") and each of the other financial institutions party thereto, as lenders, and HSBC, as Agent (as amended, restated or supplemented from time to time).

"**Collateral Documents**" any other agreements, documents or instruments pursuant to which a lien is granted or purported to be granted to secure any obligations of the Obligors under the Credit Agreement or under which rights or remedies with respect to such liens are granted.

"**Existing Collateral**" means all assets and properties, whether real, personal or mixed, of the Obligors subject to liens in favor of any of Existing Lenders and as created by the Collateral Documents.

"**Existing Notes**" means Second Lien Notes and Senior Unsecured Notes.

"**Existing Lenders**" means the lenders under the Credit Agreement.

"**Existing Shareholders**" means the current holders of Common Shares.

"**New 1.5 Lien Noteholders**" means a holder or holders of the New 1.5 Lien Notes, in their capacity as such.

**"New 1.5 Lien Obligations"** means all obligations owing under the New 1.5 Lien Notes and the Note Documents.

"**Second Lien Note Indenture**" the indenture dated February 14, 2020 among Calfrac LP, as issuer of the Second Lien Notes, the Company and Calfrac Well Services Corp., as initial guarantors, and Wilmington Trust, National Association, as trustee

"**Second Lien Notes**" means the 10.875% second lien secured notes of Calfrac LP in the maximum aggregate amount of US$120,000,100 due 2026 and issued and outstanding pursuant to the Second Lien Note Indenture (with an outstanding principal amount of US$120,000,100).

"**Senior Unsecured Note Indenture**" the indenture dated May 30, 2018 among Calfrac LP, as issuer of the Senior Unsecured Notes, the Company and Calfrac Well Services Corp., as initial guarantors, and Bank of Oklahoma, National Association, as trustee (with an outstanding principal amount of US$431,818,000).

"**Senior Unsecured Notes**" means the 8.50% senior unsecured notes of Calfrac LP in the maximum aggregate amount of US$650,000,000 due 2026 and issued and outstanding pursuant to the Senior Unsecured Note Indenture.

**APPENDIX "J"**
**OPINIONS**

PETERS & CO. LIMITED

2300 Jamieson Place
308 Fourth Avenue SW
Calgary, AB T2P 0H7
Tel: (403) 261 - 4850
www.petersco.com

# CBCA Opinion

July 13, 2020

The Board of Directors of Calfrac Well Services Ltd.
411, 8 Avenue SW
Calgary, Alberta T2P 1E3

Dear Sirs / Mesdames:

Peters & Co. Limited ("**Peters & Co.**", "**we**", "**our**" or "**us**") understands that Calfrac Well Services Ltd. (the "**Company**") is proposing a plan of arrangement under Section 192 of the *Canada Business Corporations Act* ("**CBCA**") pursuant to which, among other things, (i) the Company's common shares ("**Common Shares**") and (ii) US$431,818,000 aggregate principal amount of 8.50% senior unsecured notes due June 15, 2026 (the "**Unsecured Notes**") will be restructured pursuant to a recapitalization plan (collectively, the "**Recapitalization**"). The plan of arrangement (the "**Arrangement**") is to be approved by holders of the Unsecured Notes (the "**Unsecured Noteholders**") and holders of the Common Shares (the "**Shareholders**"). The terms of the Recapitalization will be fully described in a management information circular (the "**Circular**"), which is expected to be distributed to the Unsecured Noteholders and Shareholders in connection with the Recapitalization.

**Engagement of Peters & Co.**

Peters & Co. was formally engaged by the board of directors of the Company (the "**Board**") pursuant to an engagement agreement dated July 7, 2020 (the "**Engagement Agreement**") to provide certain financial advisory services to the Board, including the provision to the Board of this opinion (the "**CBCA Opinion**") and a fairness opinion with respect to the fairness or non-fairness, as the case may be, from a financial point of view, of the Recapitalization to the Company (the "**Fairness Opinion**" and collectively with the CBCA Opinion, the "**Opinions**").

Pursuant to the terms of the Engagement Agreement, Peters & Co. has not been engaged to prepare a formal valuation of any of the assets, shares, liabilities or other securities involved in the Arrangement and this CBCA Opinion should not be construed as such. However, Peters & Co. has performed financial analyses which we considered to be appropriate and necessary in the circumstances and such analyses support the conclusions reached in this CBCA Opinion. The terms of the Engagement Agreement provide that Peters & Co. is to be paid fixed fees for its services as financial advisor, including fixed fees that are payable for the Opinions that are not conditional on completion of the Recapitalization. Upon rendering the Opinions, no additional fees will be payable to Peters & Co. under the Engagement Agreement. The Company has also agreed to reimburse Peters & Co. for certain out-of-pocket expenses and to indemnify Peters & Co. in respect of certain liabilities which may be incurred by it in connection with the use of the Opinions by the Company and the Board.

**Qualifications of Peters & Co.**

Peters & Co. is an independent investment dealer headquartered in Calgary, Alberta, Canada. The firm specializes in investments in the Canadian energy industry. Peters & Co. was founded in 1971 and is a participating member of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange, the Investment Industry Regulatory Organization of Canada, the Investment Industry Association of Canada and the Canadian Investor Protection Fund. Peters & Co. Equities Inc., a wholly-owned subsidiary of Peters & Co., is a member of the Financial Industry Regulatory Authority, the Securities Investor Protection Corporation and the Securities Industry and Financial Markets Association in the United States.

Peters & Co. provides investment services to institutional investors and individual private clients; employs its own sales and trading group; conducts specialized and comprehensive investment research on the energy industry; and is an active underwriter for, and financial advisor to, companies active in the Canadian and international energy industry. Peters & Co. and its principals have participated in a significant number of transactions involving energy companies in Canada and internationally and have acted as financial advisors in a significant number of transactions involving evaluations of, and opinions for, private and publicly traded companies.

The opinion expressed herein is the opinion of Peters & Co. as a firm. This CBCA Opinion has been reviewed and approved for release by certain senior corporate finance principals of Peters & Co., all of whom are experienced in merger, acquisition, divestiture, valuation and opinion matters.

**Relationship of Peters & Co. with Interested Parties**

Neither Peters & Co. nor any of its affiliates or associates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)) of the Company. Neither Peters & Co. nor any of its affiliates is acting as an advisor to the Company or any holder of the Common Shares or Unsecured Notes in connection with any matter, other than pursuant to the Engagement Agreement as outlined above. In the last two years, Peters & Co. was co-dealer manager in connection with the Company's US$218 million 8.50% senior unsecured note exchange offer for US$120 million 10.875% new second lien secured notes which closed in February 2020, was co-manager in connection with the Company's US$650 million 8.50% senior note offering which closed in May 2018 and was financial advisor to the Company in connection with the divestiture of certain non-core assets pursuant to an engagement agreement that terminated on December 31, 2018.

There are no understandings, agreements or commitments between Peters & Co. and the Company with respect to future business dealings. Peters & Co. may, in the future, in the ordinary course of business, provide financial advisory, investment banking or other financial services to the Company from time to time.

Peters & Co. acts as a trader and dealer, both as principal and as agent, in all major Canadian financial markets and as such has had, or may have, positions in the securities of the Company from time to time and has executed, or may execute, transactions in the securities of the Company for which it receives compensation. In addition, as an investment dealer, Peters & Co. conducts research on securities and may, in the ordinary course of its business, be expected to provide investment advice to its clients on investment matters, including in respect of the Common Shares, Unsecured Notes and/or the Recapitalization.

**Scope of Review**

In connection with rendering this CBCA Opinion, Peters & Co. has reviewed and relied upon, among other things, the following:

(i) the draft press release (the "**Press Release**") related to the Recapitalization;

(ii) the draft term sheet for the Recapitalization;

(iii) the draft support agreements (the "**Support Agreements**") to be entered into among the Company and certain holders of the Unsecured Notes (the "**Consenting Noteholders**") which Support Agreements include a detailed term sheet of the principal terms and conditions of the Recapitalization;

(iv) historical audited financial statements of the Company and accompanying management's discussion and analysis;

(v) historical annual reports and annual information forms of the Company;

(vi) the unaudited interim report, financial statements and management's discussion and analysis of the Company for the quarter ended March 31, 2020;

(vii) unaudited projected financial statements for the Company on a consolidated basis prepared by management of the Company for the years ending December 31, 2020 through 2021, under various potential financing and recapitalization alternatives, and including projections respecting the liquidity of the Company, and ability of the Company to satisfy material financial covenants;

(viii) the indenture dated February 14, 2020 for the Company's 10.875% second lien secured notes due 2026;

(ix) the indenture dated May 30, 2018 for the Company's 8.50% senior notes due 2026;

(x) the Company's amended and restated credit agreement dated April 30, 2019;

(xi) certain public disclosure by the Company as filed on the System for Electronic Document Analysis and Retrieval to the date hereof;

(xii) a detailed listing of the Company's capital assets;

(xiii) discussions with senior management and directors of the Company relating to the Company's current business, plans, financial condition and prospects, including the results of recent operating activities;

(xiv) discussions with senior management and directors of the Company and the Company's legal and financial advisors relating to efforts by the Company to improve its strategic and financial position;

(xv) discussions with senior management and directors of the Company and the Company's legal and financial advisors relating to the alternatives available to the Company and the consequences of completing or not completing the Recapitalization;

(xvi) discussions with and advice from the Company's legal counsel regarding various matters relating to the Recapitalization; and

(xvii) public information relating to the business, operations, financial performance and securities trading history of the Company and other selected public companies.

In addition to the information detailed above, Peters & Co. has:

(i) reviewed certain publicly available information pertaining to current and expected future oil and natural gas prices, energy services activity levels and other economic factors;

(ii) reviewed and considered capital market conditions, both current and expected, for the energy industry in general, for selected energy and energy services companies operating in similar jurisdictions, and for the Company specifically;

(iii) reviewed the operating and financial performance and business characteristics of the Company relative to the performance and characteristics of select energy services companies operating in similar jurisdictions;

(iv) considered public information and available private information with respect to other completed or proposed transactions considered by us to be relevant;

(v) received representations contained in certificates addressed to us from certain senior officers and directors of the Company as to the completeness and accuracy of the information upon which the CBCA Opinion is based; and

(vi) reviewed other financial, securities market and industry information and carried out such other analyses and investigations as Peters & Co. considered necessary and appropriate in the circumstances.

Peters & Co. was granted access by the Company to its senior management, the Board, legal and financial advisors and was, to the best of our knowledge, provided with all material information related to the Recapitalization.

**Approach to CBCA Opinion**

The "Policy on arrangements – Canada Business Corporations Act, Section 192" (the "**CBCA Policy**") recommends that corporations seeking to implement a plan of arrangement pursuant to Section 192 of the CBCA that contemplates the compromise of debt, obtain an opinion in compliance with the CBCA Policy.

As contemplated by the CBCA Policy and for the purposes of the CBCA Opinion, Peters & Co. considered that the Unsecured Noteholders and Shareholders would be in a better financial position under the Recapitalization than if the Company were liquidated, if the estimated aggregate value of the consideration made available to the Unsecured Noteholders and Shareholders, respectively, pursuant to the Recapitalization, exceeds the estimated value the Unsecured Noteholders and Shareholders would receive in a liquidation, respectively.

In preparing the CBCA Opinion, Peters & Co. has relied upon the discussions, information, documents and materials referred to under the "Scope of Review" and reviewed with the Company's management the alternatives reasonably available to the Company, and considered, among other things, the following matters:

(i) in a liquidation process, prospective buyers will be aware that the vendor is compelled to sell its assets, which may have a negative impact on the value realized;

(ii) a liquidation process is likely to have a negative impact on the value of the Company's business as customers, suppliers and employees react to protect their own interests;

(iii) a liquidation process may give rise to significant incremental costs, including senior secured debtor in possession financing, and additional legal and financial advisory costs which would be incurred to implement the liquidation and address the associated legal proceedings;

(iv) the current weak conditions in the capital markets and the energy services industry would likely reduce the field of prospective bidders and constrain the bidding of participants in a liquidation process;

(v) the Recapitalization would significantly reduce the total amount of debt outstanding, reducing the risk that the Company's cash flow from operations and available liquidity would be insufficient to provide adequate funds to finance the operating and capital expenditures and service its debt obligations; and

(vi) following the Recapitalization, the Company has the potential to generate value by operating as a going concern and by benefiting from any future improvement in the energy services industry.

**Assumptions and Limitations**

This CBCA Opinion is rendered on the basis of securities market, economic and general business and financial conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of the Company as reflected in the information and documents reviewed by us and as represented to us in our discussions with the senior management of the Company. In our analyses, numerous assumptions were made with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of any party involved.

Peters & Co. has assumed and relied upon the accuracy, completeness and fair presentation of all of the financial and other information, data, advice, other materials, representations and opinions (the "**Disclosure**") obtained by us from public sources or received from the Company or its consultants or advisors or otherwise pursuant to our engagement, and this CBCA Opinion is conditional upon such completeness, accuracy and fairness. Peters & Co. has not attempted to verify independently the accuracy or completeness of any such Disclosure.

Certain senior officers and directors of the Company, have represented to us in certificates dated the date hereof that, among other things, the information, data, budgets, Company generated reports, evaluations, representations and other material, financial or otherwise (other than forecasts and projections) (collectively, the "**Information**") provided to us on behalf of the Company relating to the Company, any of its subsidiaries or the Support Agreements, was, on the applicable dates of the Information, true and correct in all material respects when taken together, and did not contain any untrue statement of a material fact in respect of the Company, its subsidiaries or the Support Agreements and, to the best of their knowledge, information and belief, since the applicable dates of the Information, except as disclosed to Peters & Co., there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business or operations of the Company or any of its subsidiaries, and there has been no change of any material facts which is of a nature so as to render the Information, taken as a whole, untrue or misleading in any material respect. With respect to any forecasts and projections included in the Information provided to Peters & Co. and used in our analyses, we have assumed that they have been, as at the date they were prepared, reasonably prepared and reflect the best currently available estimates and judgments of the senior management of the Company as to the matters covered thereby and using the identified assumptions, and in rendering the CBCA Opinion, we express no view as to the reasonableness of such forecasts or projections or the assumptions on which they are based.

In preparing the CBCA Opinion, we have assumed that any material contracts to be executed in connection with the Recapitalization will not differ in any material respect from any drafts of such material contracts that we reviewed, and that all conditions precedent to the completion of the Recapitalization can be

satisfied in the time required and that all financings, consents, permissions, exemptions or orders of third parties and relevant authorities will be obtained, without material adverse condition or qualification, and that the Recapitalization can proceed as scheduled and without material additional cost to the Company or liability of the Company to third parties. Peters & Co. has also assumed that the description of the Recapitalization in the Support Agreements and Press Release describes all material terms of agreements that relate to the Recapitalization that are to be drafted subsequent to the announcement of the Recapitalization. Peters & Co. was not retained to review any legal (including those under the CBCA), tax or regulatory aspects of the Recapitalization and this opinion does not address any of such matters. We have relied, without independent verification, on the assessments by the Company and its legal and tax advisors with respect to such matters.

Peters & Co. has not been engaged to provide and has not provided: (i) an opinion as to the fairness of the Recapitalization to the Unsecured Noteholders and/or the Shareholders and/or the holders of any other securities of, or claims against, the Company; (ii) an opinion as to the relative fairness of the Recapitalization among and between the Unsecured Noteholders and Shareholders; (iii) an opinion as to the fairness of the process underlying the Recapitalization; (iv) a formal valuation or appraisal of the Company or any of its securities or assets or the securities or assets of the Company's associates or affiliates (nor have we been provided with any such valuation); (v) an opinion concerning the future trading price of any of the securities of the Company, or of securities of its associates or affiliates following the completion of the Recapitalization; (vi) an opinion as to the ability of the Company after the implementation of the Recapitalization to repay (or refinance) the principal amount of its indebtedness (after giving effect to the Recapitalization); (vii) a recommendation to any Unsecured Noteholders as to whether or not such Unsecured Notes should be held, or sold or to use the voting rights provided in respect of the Recapitalization to vote for or against the Arrangement or to participate or not participate in the Offering; (viii) a recommendation to any Shareholder as to whether or not the Common Shares should be held or sold or to use the voting rights provided in respect of the Recapitalization to vote for or against certain steps necessary to implement the Recapitalization; or (ix) an opinion of the merits of entering into the Arrangement or any alternative business strategy; and the CBCA Opinion should not be construed as such.

**CBCA Opinion and Reliance**

Based upon and subject to the foregoing, Peters & Co. is of the opinion that, as of the date hereof, the Unsecured Noteholders and Shareholders would be in a better financial position, respectively, under the Recapitalization than if the Company were liquidated as, in each case, the estimated aggregate value of the consideration made available to the Unsecured Noteholders and Shareholders, respectively, pursuant to the Recapitalization would, in the opinion of Peters & Co., exceed the estimated value the Unsecured Noteholders and Shareholders would receive in a liquidation, respectively.

This CBCA Opinion may be relied upon by the Board solely for the purposes of considering the Recapitalization and may not be published, reproduced, disseminated, quoted from, or referred to, in whole or in part, or be used or relied upon by any person, or for any other purpose, without our express prior written consent, except that a copy of this letter, in its entirety, together with a summary of the opinion in a form acceptable to Peters & Co., may be included in the Circular prepared in connection with the Recapitalization.

Yours truly,

**PETERS & CO. LIMITED**

PETERS & CO. LIMITED

2300 Jamieson Place
308 Fourth Avenue SW
Calgary, AB T2P 0H7
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www.petersco.com

# Fairness Opinion

July 13, 2020

The Board of Directors of Calfrac Well Services Ltd.
411, 8 Avenue SW
Calgary, Alberta T2P 1E3

Dear Sirs / Mesdames:

Peters & Co. Limited ("**Peters & Co.**", "**we**", "**our**" or "**us**") understands that Calfrac Well Services Ltd. (the "**Company**") is proposing a plan of arrangement under Section 192 of the *Canada Business Corporations Act* ("**CBCA**") pursuant to which, among other things, (i) the Company's common shares ("**Common Shares**") and (ii) US$431,818,000 aggregate principal amount of 8.50% senior unsecured notes due June 15, 2026 (the "**Unsecured Notes**") will be restructured pursuant to a recapitalization plan (collectively, the "**Recapitalization**"). The plan of arrangement (the "**Arrangement**") is to be approved by holders of the Unsecured Notes (the "**Unsecured Noteholders**") and holders of the Common Shares (the "**Shareholders**"). The terms of the Recapitalization will be fully described in a management information circular (the "**Circular**"), which is expected to be distributed to the Unsecured Noteholders and Shareholders in connection with the Recapitalization.

**Engagement of Peters & Co.**

Peters & Co. was formally engaged by the board of directors of the Company (the "**Board**") pursuant to an engagement agreement dated July 7, 2020 (the "**Engagement Agreement**") to provide certain financial advisory services to the Board, including the provision to the Board of this opinion (the "**Fairness Opinion**") and an opinion pursuant to the policy under the CBCA entitled "Policy on arrangements – Canada Business Corporations Act, Section 192" (the "**CBCA Opinion**" and collectively with the Fairness Opinion, the "**Opinions**").

Pursuant to the terms of the Engagement Agreement, Peters & Co. has not been engaged to prepare a formal valuation of any of the assets, shares, liabilities or other securities involved in the Arrangement and this Fairness Opinion should not be construed as such. However, Peters & Co. has performed financial analyses which we considered to be appropriate and necessary in the circumstances and such analyses support the conclusions reached in this Fairness Opinion. The terms of the Engagement Agreement provide that Peters & Co. is to be paid fixed fees for its services as financial advisor, including fixed fees that are payable for the Opinions that are not conditional on completion of the Recapitalization. Upon rendering the Opinions, no additional fees will be payable to Peters & Co. under the Engagement Agreement. The Company has also agreed to reimburse Peters & Co. for certain out-of-pocket expenses and to indemnify Peters & Co. in respect of certain liabilities which may be incurred by it in connection with the use of the Opinions by the Company and the Board.

**Qualifications of Peters & Co.**

Peters & Co. is an independent investment dealer headquartered in Calgary, Alberta, Canada. The firm specializes in investments in the Canadian energy industry. Peters & Co. was founded in 1971 and is a participating member of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange, the Investment Industry Regulatory Organization of Canada, the Investment Industry Association of Canada and the Canadian Investor Protection Fund. Peters & Co. Equities Inc., a wholly-owned subsidiary of Peters & Co., is a member of the Financial Industry Regulatory Authority, the Securities Investor Protection Corporation and the Securities Industry and Financial Markets Association in the United States.

Peters & Co. provides investment services to institutional investors and individual private clients; employs its own sales and trading group; conducts specialized and comprehensive investment research on the energy industry; and is an active underwriter for, and financial advisor to, companies active in the Canadian and international energy industry. Peters & Co. and its principals have participated in a significant number of transactions involving energy companies in Canada and internationally and have acted as financial advisors in a significant number of transactions involving evaluations of, and opinions for, private and publicly traded companies.

The opinion expressed herein is the opinion of Peters & Co. as a firm. This Fairness Opinion has been reviewed and approved for release by certain senior corporate finance principals of Peters & Co., all of whom are experienced in merger, acquisition, divestiture, valuation and opinion matters.

**Relationship of Peters & Co. with Interested Parties**

Neither Peters & Co. nor any of its affiliates or associates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)) of the Company. Neither Peters & Co. nor any of its affiliates is acting as an advisor to the Company or any holder of the Common Shares or Unsecured Notes in connection with any matter, other than pursuant to the Engagement Agreement as outlined above. In the last two years, Peters & Co. was co-dealer manager in connection with the Company's US$218 million 8.50% senior unsecured note exchange offer for US$120 million 10.875% new second lien secured notes which closed in February 2020, was co-manager in connection with the Company's US$650 million 8.50% senior note offering which closed in May 2018 and was financial advisor to the Company in connection with the divestiture of certain non-core assets pursuant to an engagement agreement that terminated on December 31, 2018.

There are no understandings, agreements or commitments between Peters & Co. and the Company with respect to future business dealings. Peters & Co. may, in the future, in the ordinary course of business, provide financial advisory, investment banking or other financial services to the Company from time to time.

Peters & Co. acts as a trader and dealer, both as principal and as agent, in all major Canadian financial markets and as such has had, or may have, positions in the securities of the Company from time to time and has executed, or may execute, transactions in the securities of the Company for which it receives compensation. In addition, as an investment dealer, Peters & Co. conducts research on securities and may, in the ordinary course of its business, be expected to provide investment advice to its clients on investment matters, including in respect of the Common Shares, Unsecured Notes and/or the Recapitalization.

**Scope of Review**

In connection with rendering this Fairness Opinion, Peters & Co. has reviewed and relied upon, among other things, the following:

(i) the draft press release (the "**Press Release**") related to the Recapitalization;

(ii) the draft term sheet for the Recapitalization;

(iii) the draft support agreements (the "**Support Agreements**") to be entered into among the Company and certain holders of the Unsecured Notes (the "**Consenting Noteholders**") which Support Agreements include a detailed term sheet of the principal terms and conditions of the Recapitalization;

(iv) historical audited financial statements of the Company and accompanying management's discussion and analysis;

(v) historical annual reports and annual information forms of the Company;

(vi) the unaudited interim report, financial statements and management's discussion and analysis of the Company for the quarter ended March 31, 2020;

(vii) unaudited projected financial statements for the Company on a consolidated basis prepared by management of the Company for the years ending December 31, 2020 through 2021, under various potential financing and recapitalization alternatives, and including projections respecting the liquidity of the Company, and ability of the Company to satisfy material financial covenants;

(viii) the indenture dated February 14, 2020 for the Company's 10.875% second lien secured notes due 2026;

(ix) the indenture dated May 30, 2018 for the Company's 8.50% senior notes due 2026;

(x) the Company's amended and restated credit agreement dated April 30, 2019;

(xi) certain public disclosure by the Company as filed on the System for Electronic Document Analysis and Retrieval to the date hereof;

(xii) a detailed listing of the Company's capital assets;

(xiii) discussions with senior management and directors of the Company relating to the Company's current business, plans, financial condition and prospects, including the results of recent operating activities;

(xiv) discussions with senior management and directors of the Company and the Company's legal and financial advisors relating to efforts by the Company to improve its strategic and financial position;

(xv) discussions with senior management and directors of the Company and the Company's legal and financial advisors relating to the alternatives available to the Company and the consequences of completing or not completing the Recapitalization;

(xvi) discussions with and advice from the Company's legal counsel regarding various matters relating to the Recapitalization; and

(xvii) public information relating to the business, operations, financial performance and securities trading history of the Company and other selected public companies.

In addition to the information detailed above, Peters & Co. has:

(i) reviewed certain publicly available information pertaining to current and expected future oil and natural gas prices, energy services activity levels and other economic factors;

(ii) reviewed and considered capital market conditions, both current and expected, for the energy industry in general, for selected energy and energy services companies operating in similar jurisdictions, and for the Company specifically;

(iii) reviewed the operating and financial performance and business characteristics of the Company relative to the performance and characteristics of select energy services companies operating in similar jurisdictions;

(iv) considered public information and available private information with respect to other completed or proposed transactions considered by us to be relevant;

(v) received representations contained in certificates addressed to us from certain senior officers and directors of the Company as to the completeness and accuracy of the information upon which the Fairness Opinion is based; and

(vi) reviewed other financial, securities market and industry information and carried out such other analyses and investigations as Peters & Co. considered necessary and appropriate in the circumstances.

Peters & Co. was granted access by the Company to its senior management, the Board, legal and financial advisors and was, to the best of our knowledge, provided with all material information related to the Recapitalization.

**Approach to Fairness**

For the purposes of the Fairness Opinion, we considered that the Recapitalization would be fair, from a financial point of view, to the Company, if the Recapitalization:

(i) provides the Company with a more appropriate capital structure, by reducing the total amount of debt outstanding and related interest and principal burden;

(ii) reduces the risk that the Company's cash flow from operations and available liquidity would be insufficient to provide adequate funds to finance operating and capital expenditures and to service its debt obligations;

(iii) provides the potential for the Company to generate value by operating as a going concern and by benefiting from any future improvement in the energy services industry;

(iv) provides the Company with the potential to regain access to capital markets; and

(v) is better than other known feasible alternatives, based on the above criteria.

In preparing the Fairness Opinion, Peters & Co. has relied upon the discussions, documents and materials referred to under the "Scope of Review", reviewed with the Company's management known feasible alternative transactions available to the Company, and considered a number of factors including, but not limited to:

(i) the Company, based on its current capital structure and the current outlook for the energy services industry, is unable to execute its business plan and service its debt obligations;

(ii) in the event that the Company has insufficient liquidity to continue to operate the business or the Company is unable to service its debt obligations and/or refinance its debt as it matures, a likely result, in the absence of implementing the Recapitalization, is an insolvency process which would be expected to have a negative impact on the overall enterprise value of the Company;

(iii) the Recapitalization would extinguish the Unsecured Notes, substantially reducing the Company's outstanding debt;

(iv) the Recapitalization would substantially reduce the Company's annual cash interest expense and future principal repayment obligations;

(v) the Company has the opportunity, at this time, to effect a Recapitalization with the approval of each of the Unsecured Noteholders and Shareholders in accordance with applicable law; and

(vi) the Company is not aware of any feasible alternative transactions that are better than the Recapitalization.

**Assumptions and Limitations**

This Fairness Opinion is rendered on the basis of securities market, economic and general business and financial conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of the Company as reflected in the information and documents reviewed by us and as represented to us in our discussions with the senior management of the Company. In our analyses, numerous assumptions were made with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of any party involved.

Peters & Co. has assumed and relied upon the accuracy, completeness and fair presentation of all of the financial and other information, data, advice, other materials, representations and opinions (the "**Disclosure**") obtained by us from public sources or received from the Company or its consultants or advisors or otherwise pursuant to our engagement, and this Fairness Opinion is conditional upon such completeness, accuracy and fairness. Peters & Co. has not attempted to verify independently the accuracy or completeness of any such Disclosure.

Certain senior officers and directors of the Company, have represented to us in certificates dated the date hereof that, among other things, the information, data, budgets, Company generated reports, evaluations, representations and other material, financial or otherwise (other than forecasts and projections) (collectively, the "**Information**") provided to us on behalf of the Company relating to the Company, any of its subsidiaries or the Support Agreements, was, on the applicable dates of the Information, true and correct in all material respects when taken together, and did not contain any untrue statement of a material fact in respect of the Company, its subsidiaries or the Support Agreements and, to the best of their knowledge, information and belief, since the applicable dates of the Information, except as disclosed to Peters & Co., there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business or operations of the Company or any of its subsidiaries, and there has been no change of any material facts which is of a nature so as to render the Information, taken as a whole, untrue or misleading in any material respect. With respect to any forecasts and projections included in the Information provided to Peters & Co. and used in our analyses, we have assumed that they have been, as at the date they were prepared, reasonably prepared and reflect the best currently available estimates and judgments of the senior management of the Company as to the matters covered thereby and using the identified assumptions, and in rendering the Fairness Opinion, we express no view as to the reasonableness of such forecasts or projections or the assumptions on which they are based.

In preparing the Fairness Opinion, we have assumed that any material contracts to be executed in connection with the Recapitalization will not differ in any material respect from any drafts of such material

contracts that we reviewed, and that all conditions precedent to the completion of the Recapitalization can be satisfied in the time required and that all financings, consents, permissions, exemptions or orders of third parties and relevant authorities will be obtained, without material adverse condition or qualification, and that the Recapitalization can proceed as scheduled and without material additional cost to the Company or liability of the Company to third parties. Peters & Co. has also assumed that the description of the Recapitalization in the Support Agreements and Press Release describes all material terms of agreements that relate to the Recapitalization that are to be drafted subsequent to the announcement of the Recapitalization. Peters & Co. was not retained to review any legal (including those under the CBCA), tax or regulatory aspects of the Recapitalization and this opinion does not address any of such matters. We have relied, without independent verification, on the assessments by the Company and its legal and tax advisors with respect to such matters.

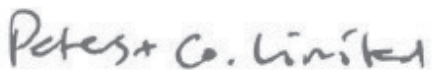
Peters & Co. has not been engaged to provide and has not provided: (i) an opinion as to the fairness of the Recapitalization to the Unsecured Noteholders and/or the Shareholders and/or the holders of any other securities of, or claims against, the Company; (ii) an opinion as to the relative fairness of the Recapitalization among and between the Unsecured Noteholders and Shareholders; (iii) an opinion as to the fairness of the process underlying the Recapitalization; (iv) a formal valuation or appraisal of the Company or any of its securities or assets or the securities or assets of the Company's associates or affiliates (nor have we been provided with any such valuation); (v) an opinion concerning the future trading price of any of the securities of the Company, or of securities of its associates or affiliates following the completion of the Recapitalization; (vi) an opinion as to the ability of the Company after the implementation of the Recapitalization to repay (or refinance) the principal amount of its indebtedness (after giving effect to the Recapitalization); (vii) a recommendation to any Unsecured Noteholders as to whether or not such Unsecured Notes should be held, or sold or to use the voting rights provided in respect of the Recapitalization to vote for or against the Arrangement or to participate or not participate in the Offering; (viii) a recommendation to any Shareholder as to whether or not the Common Shares should be held or sold or to use the voting rights provided in respect of the Recapitalization to vote for or against certain steps necessary to implement the Recapitalization; or (ix) an opinion of the merits of entering into the Arrangement or any alternative business strategy; and the Fairness Opinion should not be construed as such.

**Fairness Opinion and Reliance**

Based upon and subject to the foregoing, Peters & Co. is of the opinion that, as of the date hereof, the Recapitalization is fair, from a financial point of view, to the Company.

This Fairness Opinion may be relied upon by the Board solely for the purposes of considering the Recapitalization and may not be published, reproduced, disseminated, quoted from, or referred to, in whole or in part, or be used or relied upon by any person, or for any other purpose, without our express prior written consent, except that a copy of this letter, in its entirety, together with a summary of the opinion in a form acceptable to Peters & Co., may be included in the Circular prepared in connection with the Recapitalization.

Yours truly,



**PETERS & CO. LIMITED**

**APPENDIX "K"**
**SUMMARY OF TERMS OF THE SHAREHOLDER RIGHTS PLAN**

The following summary of the Shareholder Rights Plan is qualified in its entirety by reference to the full text of the Shareholder Rights Plan Agreement (the "**Agreement**") to be entered into between Calfrac and Computershare, as rights agent (subject to Shareholder approval). The Agreement shall govern in the event of any conflict between the provisions thereof and this summary. A copy of the form of Agreement which will effect to the Shareholder Rights Plan will be made available under Calfrac's profile on SEDAR at www.sedar.com.

**Definitions**

1. "**Convertible Security**" shall mean a security convertible, exercisable or exchangeable into a Voting Share (as defined below);

2. "**Expiration Time**" shall mean the earlier of:

   (a) the time at which the right to exercise Rights terminates pursuant to subsection 5.1(g) or section 5.15 of the Agreement;

   (b) the termination of the third annual meeting of the shareholders of Calfrac occurring after the date of ratification of the Agreement pursuant to section 5.16 of the Agreement if the continuation of the Shareholder Rights Plan is not submitted to holders of Voting Shares for their approval at such meeting or, if so submitted, is not approved by a majority of the votes cast by Independent Shareholders (as defined below) present or represented by proxy; and

   (c) the close of the third annual meeting of shareholders of Calfrac occurring after the date of approval of the continuation of the Shareholder Rights Plan pursuant to paragraph (b) above or this paragraph (c) if the continuation of the Shareholder Rights Plan is not submitted to holders of Voting Shares for their approval at such meeting or, if so submitted, is not approved by a majority of the votes cast by Independent Shareholders present or represented by proxy;

3. "**Independent Shareholders**" means holders of Voting Shares, other than:

   (a) any Acquiring Person (as defined below);

   (b) any Offeror (as defined below), other than a person referred to in Subsection 1.1(j)(iii)(B) of the Agreement;

   (c) any affiliate or associate of such Acquiring Person or Offeror;

   (d) any person acting jointly or in concert with such Acquiring Person or Offeror; and

   (e) any Person holding Voting Shares under any employee benefit plan, deferred profit sharing plan, stock participation plan and any other similar plan or trust for the benefit of employees of Calfrac or a subsidiary of Calfrac, unless the beneficiaries of the plan or trust direct the manner in which the Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a Take-over Bid;

4. "**Offer to Acquire**" shall include:

   (a) an offer to purchase or a solicitation of an offer to sell or a public announcement of an intention to make such an offer or solicitation; and

   (b) an acceptance of an offer to sell, whether or not such offer to sell has been solicited;

or any combination thereof, and the person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the person that made the offer to sell;

5. "**Offeror**" shall mean a person who has announced a current intention to make or who is making a Take-over Bid, but only so long as the Take-over Bid (as defined below) so announced or made has not been withdrawn or terminated or has not expired;

6. "**Take-over Bid**" shall mean an Offer to Acquire Voting Shares and/or Convertible Securities if, assuming that the Voting Shares and/or the Convertible Securities subject to such Offer to Acquire are acquired and beneficially owned (within the meaning of the Agreement) by the Offeror at the date of such Offer to Acquire, such Voting Shares (together with the Voting Shares into which such Convertible Securities are convertible) and the Voting Shares beneficially owned, as at the date of the Offer to Acquire by the Offeror would constitute in the aggregate 20% or more of the outstanding Voting Shares at the date of the Offer to Acquire; and

7. "**Voting Shares**" shall mean the Common Shares and any other securities in the capital of Calfrac entitled to vote generally in the election of the Board.

**Term**

If the Shareholder Rights Plan is approved by Shareholders at the Shareholders' Meeting and by the TSX, it will remain in effect until the Expiration Time.

**Issue of Rights**

One right to purchase a Common Share (a "**Right**") will be issued by Calfrac in respect of each Common Share that is outstanding at the close of business (Calgary time) on the effective date of the Agreement (the "**Effective Date**"). One Right will also be issued for each additional Common Share issued after the Effective Date and prior to the earlier of the Separation Time (as defined below) and the Expiration Time (as defined above).

The issuance of the Rights is not dilutive and will not affect reported earnings or cash flow per Common Share unless the Rights separate from the underlying Common Shares in connection with which they were issued and become exercisable or are exercised.

The issuance of the Rights will also not change the manner in which Shareholders currently trade their Common Shares, and is not intended to interfere with Calfrac's ability to undertake equity offerings in the future.

**Separation Time / Ability to Exercise Rights**

The Rights are not exercisable, and are not separable from the Common Shares in connection with which they were issued, until the "**Separation Time**", being the close of business on the tenth trading day after the earlier of:

(a) the first date of public announcement (which shall include, without limitation, a report filed pursuant to the early warning or equivalent requirements of applicable Securities Laws) by Calfrac or an Acquiring Person (as defined below) of facts indicating that a person has become an Acquiring Person (the "**Share Acquisition Date**");

(b) the date of the commencement of or first public announcement of the intent of any person (other than Calfrac or any subsidiary of Calfrac) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid); or

(c) the date upon which a Permitted Bid (as defined below) or Competing Permitted Bid ceases to be a Permitted Bid or Competing Permitted Bid;

or such later time as may be determined by the Board, provided that, if any Take-over Bid referred to in (b) or (c) above expires, is not made, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid will be deemed, for the purposes of this definition, never to have been commenced, made or announced and further provided that if the Board determines, in accordance with section 5.1 of the Agreement, to waive the application of a Flip-in Event, then the Separation Time in respect of such Flip-in Event will be deemed never to have occurred and further provided that if the foregoing results in the Separation Time being prior to the Record Time, the Separation Time will be the Record Time.

**Acquiring Person**

A person will be considered to be an "**Acquiring Person**" for the purposes of the Shareholder Rights Plan if it acquires beneficial ownership of 20% or more of the outstanding Common Shares other than in connection with, *inter alia*, certain Exempt Acquisitions and Convertible Security Acquisitions (as discussed below).

**Exempt Acquisitions and Convertible Security Acquisitions**

An Offeror may acquire beneficial ownership of 20% or more of the outstanding Common Shares without becoming an Acquiring Person in the following circumstances (collectively, "**Exempt Acquisitions**"):

(a) the Board has waived the application of a Flip-In Event in certain customary instances in accordance with the Shareholder Rights Plan;

(b) the acquisition is pursuant to an amalgamation, merger, arrangement or other similar transaction that has been approved by the Board and the holders of Voting Shares of Calfrac;

(c) the acquisition is made as an intermediate step in a series of related transactions in connection with the acquisition by Calfrac or any of its subsidiaries of a Person or assets (provided that, within ten Business Days of the completion of such acquisition, no Person has become the Beneficial Owner of 20% or more of the then outstanding Voting Shares of Calfrac); or

(d) the acquisition is pursuant to a distribution by Calfrac of Voting Shares or Convertible Securities by way of a prospectus or a private placement by Calfrac or a securities exchange take-over bid circular or upon the exercise by an individual employee of the right to purchase Common Shares, pursuant to any Dividend Reinvestment Plan or any employee benefit, stock option or similar plan (provided that all necessary stock exchange approvals have been obtained).

In addition, an Offeror will not become an Acquiring Person as a result of acquiring Voting Shares upon the exercise, conversion or exchange of a Convertible Security received by such Offeror pursuant to a Permitted Bid, an Exempt Acquisition or a Pro Rata Acquisition (as defined in the Agreement) (a "**Convertible Security Acquisition**"), which will include the issuance of Common Shares upon the conversion of the New 1.5 Lien Notes.

**Consequences of a Flip-in Event**

A "**Flip-in Event**" refers to any transaction or event pursuant to which a person becomes an Acquiring Person. Upon the occurrence of a Flip-in Event as to which the Board has not waived the application of the Shareholder Rights Plan in accordance with section 5.1 of the Agreement, any Rights that are or were beneficially owned on or after the earlier of the Separation Time or the Share Acquisition Date by:

(a) an Acquiring Person (or any of its affiliates, associates or joint actors); or

(b) a transferee or other successor in title, directly or indirectly, of Rights held by an Acquiring Person (or any affiliate, associate or joint actors),

shall become null and void without any further action, and any holder of such Rights (including any transferee) shall thereafter have no right to exercise such Rights under any provision of the Agreement and further shall thereafter not have any other rights whatsoever with respect to such Rights.

**Permitted Bid Requirements**

An Offeror may make a Take-over Bid for Calfrac without becoming an Acquiring Person (and therefore subject to the consequences of a Flip-in Event described above) if it makes a Take-over Bid (a "**Permitted Bid**") that meets certain requirements, including that the bid must:

(a) be made to all holders of record of Voting Shares, other than the Offeror;

(b) remain open for acceptance for at least 105 days from the date of the bid;

(c) be subject to a minimum tender condition of more than 50% of the Voting Shares held by Independent Shareholders;

(d) contain a provision that unless the bid is withdrawn, Voting Shares may be deposited pursuant to such bid at any time during the period of time between the date of the bid and the date on which Voting Shares may be taken up and paid for and that any Voting Shares deposited pursuant to the bid may be withdrawn until taken up and paid for;

(e) provide that the bid will be extended for at least 10 days if more than 50% of the Voting Shares held by Independent Shareholders are deposited to the bid (and the Offeror shall make a public announcement of that fact); and

(f) if any holders of Voting Shares are registered on the records of Calfrac as residing in the United States or a U.S. Person, then the bid complies with all applicable requirements of the 1933 Act and the 1934 Act;

provided always that a Permitted Bid will cease to be a Permitted Bid at any time when such bid ceases to meet any of the provisions of the definition of Permitted Bid and provided that, at such time, any acquisition of Voting Shares made pursuant to such Permitted Bid, including any acquisition of Voting Shares theretofore made, will cease to be a Permitted Bid.

A competing Take-over Bid that is made while a Permitted Bid or competing Permitted Bid is outstanding and satisfies all of the criteria for Permitted Bid status, except that it may expire on the same date (which may be less than 60 days after such bid is commenced) as the Permitted Bid that is outstanding (subject to the current statutory minimum bid period of 105 days from commencement or such other minimum period prescribed under applicable securities laws) will be considered to be a "**Competing Permitted Bid**" for the purposes of the Shareholder Rights Plan, provided that a Competing Permitted Bid will cease to be a Competing Permitted Bid at any time when such bid ceases to meet any of the provisions of the definition of Competing Permitted Bid and provided that, at such time, any acquisition of Common Shares made pursuant to such Competing Permitted Bid, including any acquisitions of Common Shares theretofore made, will cease to be a Permitted Bid.

**Permitted Lock-Up Agreement**

A person will not become an Acquiring Person by reason of entering into an agreement (a "**Permitted Lock-Up Agreement**") with a Shareholder pursuant to which the Shareholder (the "**Locked-Up Person**") agrees to deposit or tender its Common Shares to a Take-over Bid (the "**Lock-Up Bid**") made by that person, provided that the agreement meets certain requirements, including that:

(a) the terms of the agreement are publicly disclosed and a copy is publicly available;

(b) the Locked-Up Person can terminate its obligation under the agreement in order to tender its Voting Shares to another Take-over Bid or transaction where the offer price or value of the consideration payable is: (i)

greater than the price or value of the consideration per Voting Share under the Lock-Up Bid; or (ii) equal to or greater than a specified minimum, which cannot be more than 107% of the offer price under the Lock-Up Bid; and

(c) if the Locked-Up Person fails to deposit its common shares to the Lock-Up Bid, withdraws Voting Shares previously tendered thereto or supports another transaction, no "break fees" or other penalties that exceed, in the aggregate, the greater of: (i) 2.5% of the price or value of the consideration payable under the Lock-Up Bid; and (ii) 50% of the increase in consideration resulting from another Take-over Bid or transaction, shall be payable by the Locked-Up Person.

**Certificates and Transferability**

Before the Separation Time, the Rights will be evidenced by a legend imprinted on Common Share certificates representing Common Shares issued after the effective date of the Agreement. Although Rights will also be attached to Common Shares outstanding on the Effective Date, certificates representing Common Shares issued before the Effective Date will not (and need not) bear the legend. Shareholders will not be required to return their certificates to be entitled to the benefits of the Shareholder Rights Plan.

From and after the Separation Time, Rights will be evidenced by separate certificates.

Before the Separation Time, Rights will trade together with, and will not be transferable separately from, the Common Shares in connection with which they were issued. From and after the Separation Time, Rights will be transferable separately from the Common Shares only on the Rights Register as provided in the Agreement.

**Waiver**

A potential Offeror for Calfrac that does not wish to make a Permitted Bid can nevertheless negotiate with the Board to make a formal Take-over Bid on terms that the Board considers fair to all Shareholders, in which case the Board may, with the prior consent of the holders of Common Shares, waive the application of the Shareholder Rights Plan. Any waiver of the Shareholder Rights Plan's application in respect of a particular Take-over Bid will constitute a waiver of the Shareholder Rights Plan in respect of any other formal Take-over Bid made while the initial bid is outstanding.

The Board may also waive the application of the Shareholder Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered the Flip-in Event thereafter reduces its beneficial holdings below 20% of the outstanding Common Shares within 14 days or such other date as the Board may determine.

With the prior consent of the Shareholders or of the holders of Rights, as the case may be, the Board may waive the application of the Shareholder Rights Plan to any other Flip-in Event prior to its occurrence.

**Redemption**

Rights are deemed to be redeemed following completion of a Permitted Bid (including a Competing Permitted Bid) or any other Take-over Bid in respect of which the Board has waived the Shareholder Rights Plan's application.

With Shareholder approval, the Board may also, prior to the occurrence of a Flip-in Event, elect to redeem all (but not less than all) of the then outstanding Rights at a nominal redemption price of $0.00001 per Right.

**Exemptions for Investment Advisors, etc.**

Investment advisors (for client accounts), trust companies (acting in their capacity as trustees or administrators), statutory bodies whose business includes the management of funds (for employee benefit plans, pension plans, or insurance plans of various public bodies), and administrators or trustees of registered pension plans or funds and agents or agencies of the Crown, which acquire more than 20% of the outstanding Common Shares, are effectively exempted

(through the definition of "beneficial ownership" under the Shareholder Rights Plan) from triggering a Flip-in Event provided that they are not in fact making, either alone or jointly or in concert with any other person, a Take-over Bid.

**Directors' Duties**

The Shareholder Rights Plan does not in any way lessen or affect the duty of the Board to act honestly and in good faith with a view to the best interests of Calfrac. In the event of a Take-over Bid or any other such proposal, the Board will still have the duty to take such actions and make such recommendations to Shareholders as are considered appropriate.

**Amendments**

The Board is authorized to make amendments to the Shareholder Rights Plan to correct any clerical or typographical error, or to maintain the validity of the Shareholder Rights Plan as a result of changes in law or regulation. Other amendments or supplements to the Shareholder Rights Plan may be made with the prior approval of Shareholders.

**APPENDIX "L"**
**INTERIM ORDER**

I hereby certify this to be a true copy of
the original Preliminary Interim Order
Dated this 14 day of July, 2020

for Clerk of the Court

JUDICIAL CENTRE OF CALGARY
Clerk's Stamp
FILED
Jul 14, 2020
702611
by Email
CLERK OF THE COURT

| | |
|---|---|
| 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<br><br>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 | **PRELIMINARY INTERIM ORDER** |
| ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT | **BENNETT JONES LLP**<br>Barristers and Solicitors<br>4500, 855 – 2nd Street S.W.<br>Calgary, Alberta T2P 4K7<br><br>Solicitor: Chris Simard / Kevin Zych / Michael Shakra<br>Telephone: 403-298-4485 / 416-777-5738 / 416-777-6236<br>Facsimile: 403-260-7024 / 416-862-6666 / 416-862-6666<br>Email: simardc@bennettjones.com/ zychk@bennettjones.com / shakram@bennettjones.com<br><br>File Number: 044609-00111 |

**DATE ON WHICH ORDER WAS PRONOUNCED:** July 13, 2020

**NAME OF JUDGE WHO MADE THIS ORDER:** Justice D. B. Nixon

**LOCATION OF HEARING:** CALGARY, ALBERTA

**UPON** the Originating Application (the "**Application**") of 12178711 Canada Inc. ("**Calfrac Arrangeco**") Calfrac Well Services Ltd. ("**Calfrac**"), Calfrac (Canada) Inc. ("**CCI**"), Calfrac Well Services Corp. ("**CWSC**") and Calfrac Holdings LP ("**CHLP**"), by its general partner CCI. (collectively, the "**Calfrac Entities**" or the "**Applicants**") for a preliminary Interim Order (the "**Preliminary Interim Order**") pursuant to Section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "**CBCA**") in connection with an arrangement (the "**Arrangement**") involving the Calfrac Entities;

**AND UPON** reading the Application and the affidavit of Ronald P. Mathison, Co-founder and Executive Chairman of Calfrac, sworn on July 13, 2020 (the "**Mathison Affidavit**");

**AND UPON HEARING** counsel for the Applicants, counsel for an *ad hoc* committee of Senior Unsecured Noteholders (the "**Ad Hoc Committee of Senior Unsecured Noteholders**"), and counsel for the Agent;

**FOR THE PURPOSES OF THIS ORDER:**

1. Capitalized terms used herein but not defined have the meanings set forth in Schedule A.

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**Service**

2. Service of Notice of this Application in respect of the Preliminary Interim Order is hereby deemed to be good and sufficient and this Application is properly returnable today.

**Entities Subject to These Proceedings**

3. The Applicants are all entities subject to these proceedings, and are authorized to take all steps necessary or desirable to advance the Arrangement and the Recapitalization Transaction.

**Record Dates**

4. Subject to further Order of this Court, provided that the date of any meeting of Senior Unsecured Noteholders to consider any Plan of Arrangement which may be proposed in these proceedings occurs on or before 60 days from the date of this Order, the record date (the "**Senior Unsecured Noteholder Record Date**") for determination of the Senior Unsecured Noteholders entitled to notice of, and to vote at, such meeting, shall be 5:00 p.m. (Calgary time) on July 13, 2020.

5. Subject to further Order of this Court, provided that the date of any meeting of Common Shareholders to consider any Plan of Arrangement which may be proposed in these proceedings occurs on or before 60 days from the date of this Order, the record date (the "**Shareholder Record Date**") for determination of the Common Shareholders entitled to notice of, and to vote at, such meeting, shall be 5:00 p.m. (Calgary time) on July 13, 2020.

6. The requirement to provide notice of the Senior Unsecured Noteholder Record Date or the Common Shareholder Record Date (collectively, the "**Record Dates**") by way of newspaper advertisement pursuant subsection 133(4)(a) of the ABCA and/or subsection 134(3)(a) of the CBCA (collectively, the "**Record Date Notice Provisions**") is waived and the Applicants shall be deemed to have complied with the Record Date Notice Provisions by complying with all other applicable notice requirements in respect of the Record Dates pursuant to the ABCA, the CBCA or otherwise.

**Stay of Proceedings**

7. From 12:01 a.m. (Calgary time) on the date of this Preliminary Interim Order and until further order of the Court (the "**Stay Period**"), no right, remedy or proceeding, including, without limitation, any right to terminate, demand, accelerate, set off, amend, declare in default or take any other action under or in connection with any loan, note, commitment, contract or other agreement, at law or under contract, may be exercised, commenced or proceeded with by: (i) the Second Lien Noteholders; (ii) the Senior Unsecured Noteholders; (iii) any administrative agent, collateral agent, sub-agent, indenture trustee or similar person in respect of or in connection with amounts

owing to the Second Lien Noteholders or the Senior Unsecured Noteholders; or (iv) any person (other than HSBC in its capacity as Agent under, and the lenders party to, the Credit Agreement, who are expressly not subject to the stay of proceedings herein) that is party to or a beneficiary of any other loan, note, commitment, contract or other agreement with one or more of the Calfrac Entities, against or in respect of any of the Calfrac Entities, or any of the present or future property, assets, rights or undertakings of any of the Calfrac Entities, of any nature in any location, whether held directly or indirectly by any of the Calfrac Entities, by reason or as a result of:

(a) the Applicants having made an application to this Court pursuant to Section 192 of the CBCA;

(b) any of the Calfrac Entities being a party to or involved in these proceedings or the Arrangement;

(c) any of the Calfrac Entities taking any step contemplated by or related to these proceedings or the Arrangement, including but not limited to the commencement or prosecution of any foreign proceedings for the recognition of these proceedings or the Arrangement;

(d) the non-payment of principal, interest and any other amounts due and payable in respect of any of the Senior Unsecured Notes or any related documents, or the expiry of any applicable grace periods thereunder; or

(e) any default or cross-default under or in connection with any of the Second Lien Notes, the Senior Unsecured Notes or any related documents,

in each case except with the prior consent of the Applicants or leave of this Court.

8. To the extent that any limitation or cure period under, in respect of or in connection with the Second Lien Notes, the Senior Unsecured Notes or any related documents (a "**Limitation or Cure Period**") expires on or after the date of this Preliminary Interim Order (the "**Effective Date**"), such limitation or cure period shall be tolled and extended for the duration of the Stay Period, such that it ceases to continue running and shall be deemed not

to have expired during the period between the Effective Date and the termination of the Stay Period.

**Notice of Proceedings**

9. Subject to further order of this Court, the only persons entitled to notice of and to appear and be heard at subsequent motions within these proceedings shall be:

   (a) the Calfrac Entities and their counsel;

   (b) counsel to the Agent, the Second Lien Note Trustee, the Senior Unsecured Note Trustee or any of the Second Lien Noteholders or Senior Unsecured Noteholders;

   (c) counsel to the Ad Hoc Committee of Senior Unsecured Noteholders;

   (d) the CBCA Director; and

   (e) any other interested person who has served a Notice of Appearance in accordance with this Preliminary Interim Order.

10. Any Notice of Appearance served in these proceedings shall be served on the counsel for the Calfrac Entities as soon as reasonably practicable at the following address:

    Bennett Jones LLP
    4500 Bankers Hall East
    855 2 Street SW
    Calgary, AB T2P 4K7

    | | |
    |---|---|
    | Solicitor: | Kevin Zych / Chris Simard |
    | Telephone: | 416-777-5738 / 403-298-4485 |
    | Facsimile: | 416-862-6666 / 403-265-7219 |
    | Email: | zychk@bennettjones.com / simardc@bennettjones.com |

**Comeback Hearing**

11. Any interested party that wishes to amend or vary this Preliminary Interim Order shall be entitled bring an application before this Court on seven business days' notice to the

Calfrac Entities and any other party or parties likely to be affected by the order to be sought by such interested party.

**Notices and Distribution**

12. The Applicants are at liberty to serve or distribute this Preliminary Interim Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or, electronic mail or e-mail, to interested parties at their respective addresses, electronic mail or email addresses as last shown on the records of the Calfrac Entities and that any such service or distribution by courier, personal delivery, facsimile, electronic mail or e-mail transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

13. Service or distribution in accordance with this Preliminary Interim Order shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 8100-2-175 (SOR/DORS).

**Foreign Proceeding**

14. A senior officer of the Applicants is hereby authorized, as necessary, to act as the representative or foreign representative (the "**Foreign Representative**") of the Applicants in connection with these proceedings and with carrying out the terms of this Preliminary Interim Order for, among other things, the purpose of having these proceedings recognized or approved in any other jurisdiction whether in or outside of Canada, as necessary.

15. The Foreign Representative is hereby authorized to apply for foreign recognition and approval of these proceedings, as necessary, in any jurisdiction outside of Canada, including in the United States pursuant to chapter 15 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532.

**Extra-Territorial Assistance**

16. This Preliminary Interim Order shall have full force and effect in all other Provinces and Territories of Canada and shall be enforced in the courts of each of the Provinces and Territories of Canada in the same manner in all respects as if this Preliminary Interim Order had been made by the Court enforcing it.

17. This Court requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province in Canada and any judicial, regulatory or administrative tribunal or body or other court constituted pursuant to the Parliament of Canada, the legislature of any province and any court or any judicial, regulatory or administrative body of the United States, any state thereof or any other country in the aid of and to assist this Court in carrying out the terms of this Preliminary Interim Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants as may be necessary or desirable to give effect to this Preliminary Interim Order or to assist the Calfrac Entities and their respective agents in carrying out the terms of this Preliminary Interim Order.

**Justice of the Court of Queen's Bench of Alberta**

**Schedule A**
**Defined Terms**

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended;

"**Agent**" means HSBC, in its capacity as Lead Arranger, Sole Bookrunner and Administration Agent under the Credit Agreement;

"**Common Shareholders**" means the holders of common shares of Calfrac, in such capacity;

"**Credit Agreement**" means the Amended and Restated Credit Agreement dated April 30, 2019 between Calfrac, as borrower, HSBC Bank Canada ("**HSBC**") and each of the other financial institutions party thereto, as lenders, and HSBC, as Agent (as amended, restated or supplemented from time to time);

"**Recapitalization Transaction**" means the proposed recapitalization transaction to be carried out by the Calfrac Entities, as described in paragraph 24 of the Mathison Affidavit;

"**Second Lien Note Indenture**" the indenture dated February 14, 2020 among Calfrac Holdings LP, as issuer of the Second Lien Notes, Calfrac and Calfrac Well Services Corp., as initial guarantors, and Wilmington Trust, National Association, as trustee;

"**Second Lien Note Trustee**" means Wilmington Trust, National Association, in its capacity as trustee and collateral agent pursuant to the Second Lien Note Indenture;

"**Second Lien Noteholders**" means a holder or holders of the Second Lien Notes, in their capacity as such;

"**Second Lien Notes**" means the 10.875% second lien secured notes of Calfrac Holdings LP in the maximum aggregate amount of USD$120,000,100 due 2026 and issued and outstanding pursuant to the Second Lien Note Indenture;

"**Senior Unsecured Note Indenture**" means the indenture dated May 30, 2018 among Calfrac Holdings LP, as issuer of the Senior Unsecured Notes, Calfrac and Calfrac Well Services Corp.,

as initial guarantors, and Wells Fargo Bank, National Association, as the Senior Unsecured Note Trustee;

"**Senior Unsecured Note Trustee**" means Wells Fargo Bank, National Association, in its capacity as trustee under the Senior Unsecured Note Indenture;

"**Senior Unsecured Noteholders**" means a holder or holders of the Senior Unsecured Notes; and

"**Senior Unsecured Notes**" means the 8.50% senior unsecured notes of Calfrac Holdings LP in the maximum aggregate amount of USD$650,000,000 due 2026 and issued and outstanding pursuant to the Senior Unsecured Note Indenture.

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

Clerk's Stamp

JUDICIAL CENTRE OF CALGARY
FILED
AUG 07 2020
CLERK OF THE COURT

| | |
|---|---|
| MATTER | IN THE MATTER OF SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, C. C-44, AS AMENDED<br><br>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 | **INTERIM ORDER** |

I hereby certify this to be a true copy of the original Order
Dated this 7 day of August 2020
for Clerk of the Court


| | |
|---|---|
| ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT | **BENNETT JONES LLP**<br>Barristers and Solicitors<br>4500, 855 – 2nd Street S.W.<br>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

**DATE ON WHICH ORDER WAS PRONOUNCED:** **August 6, 2020**

**NAME OF JUDGE WHO MADE THIS ORDER:** **D.B. Nixon**

**LOCATION OF HEARING:** **CALGARY, ALBERTA**

**UPON** the Application of 12178711 Canada Inc., Calfrac Well Services Ltd. ("**Calfrac**"), Calfrac (Canada) Inc. ("**CCI**"), Calfrac Well Services Corp., and Calfrac Holdings LP, by its general partner CCI (collectively, the "**Applicants**") for an Interim Order (the "**Interim Order**") pursuant to Section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "**CBCA**") in connection with an arrangement (the "**Arrangement**") involving the Applicants;

**AND UPON** reading the Application, the affidavit of Ronald P. Mathison, Co-founder and Executive Chairman of Calfrac, sworn on July 13, 2020, the affidavit of Ronald P. Mathison sworn July 30, 2020 (the "**Mathison Affidavit No. 2**") and the supplemental affidavit to the Mathison Affidavit No. 2, sworn on August 5, 2020;

**AND UPON HEARING** counsel for the Applicants, counsel for an *ad hoc* committee of Senior Unsecured Noteholders, counsel for G2S2 Capital Inc., counsel for the Agent, counsel for Wilks Brothers, and counsel for other interested parties, and on being advised that the Director appointed under the CBCA (the "**Director**") does not consider it necessary to appear;

**FOR THE PURPOSES OF THIS ORDER:**

(a) capitalized terms used but not otherwise defined in this Interim Order shall have the meanings attributed to them in: (i) the draft information circular of the Applicants (the "**Information Circular**"), which is attached as Exhibit "6" to the Mathison Affidavit No. 2; (ii) the plan of arrangement attached as Appendix "H" to the Information Circular (the "**Plan of Arrangement**"); or (iii) the Mathison Affidavit No. 2; and

(b) all references to "**Arrangement**" used herein mean the arrangement as set forth in the Plan of Arrangement.

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**Service**

1. Service of Notice of this Application is hereby deemed to be good and sufficient.

**Revised Record Dates**

2. Notwithstanding anything contained in the Preliminary Interim Order, the record date (the "**Senior Unsecured Noteholder Record Date**") for determination of the Senior Unsecured Noteholders entitled to notice of, and to vote at, the Senior Unsecured Noteholders' Meeting (defined below), shall be 5:00 p.m. (Calgary time) on August 10, 2020.

3. Notwithstanding anything contained in the Preliminary Interim Order, the record date (the "**Shareholder Record Date**") for determination of the Existing Shareholders entitled to notice of, and to vote at, the Shareholders' Meeting (defined below), shall be 5:00 p.m. (Calgary time) on August 10, 2020.

4. The requirement to provide notice of the Senior Unsecured Noteholder Record Date or the Shareholder Record Date by way of newspaper advertisement pursuant to subsection 133(4)(a) of the ABCA and/or subsection 134(3)(a) of the CBCA (collectively, the "**Record Date Notice Provisions**") is waived and the Applicants shall be deemed to have complied with the Record Date Notice Provisions by complying with all other applicable notice requirements in respect of the Senior Unsecured Noteholder Record Date or the Shareholder Record Date pursuant to the ABCA, the CBCA or otherwise.

**The Meetings**

5. Notwithstanding anything contained in the articles or the by-laws of the Applicants, in light of the COVID-19 pandemic, the Applicants shall be authorized to: (a) hold the Meetings (as defined herein) by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting; and (b) change the location or method of holding the Meetings (including by holding physical, virtual or hybrid Meetings) through the issuance of a press release containing the updated details of the date, time and place of the Meetings.

6. The Applicants are permitted to call, hold and conduct a separate meeting for each of: (i) the Senior Unsecured Noteholders; and (ii) the Existing Shareholders, to be held electronically or telephonically, as follows:

(a) the meeting of the Senior Unsecured Noteholders as of the Senior Unsecured Noteholder Record Date (the "**Senior Unsecured Noteholders' Meeting**") shall be held at 1:00 p.m. (Calgary time) (or such other time as determined by the Applicants) on September 17, 2020, in order for the Senior Unsecured Noteholders to consider, and if determined advisable, pass a resolution authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (the "**Senior Unsecured Noteholders' Arrangement Resolution**") and such other business as may properly be brought before the Senior Unsecured Noteholders' Meeting or any adjournment or postponement thereof, all as more particularly described in the Information Circular; and

(b) the meeting of the Existing Shareholders as of the Shareholder Record Date (the "**Shareholders' Meeting**", and together with the Senior Unsecured Noteholders' Meeting, the "**Meetings**") shall be held at 2:00 p.m. (Calgary time) (or such other time as determined by the Applicants) on September 17, 2020, in order for the Existing Shareholders to consider, and if determined advisable, pass resolutions authorizing, adopting and approving, with or without variation: (i) the Federal Continuance (the "**Federal Continuance Resolution**"); (ii) the Arrangement and the Plan of Arrangement (the "**Shareholders' Arrangement Resolution**"); (iii) the shareholder approvals, if any, required by the Toronto Stock Exchange (the "**TSX**") in connection with the issuance of Common Shares pursuant to the Arrangement (the "**TSX Arrangement Resolution**"); (iv) the shareholder approvals, if any, required by the TSX in connection with the issuance of Common Shares pursuant to the conversion of the 1.5 Lien Notes (the "**TSX 1.5 Lien Notes Resolution**"); (v) the shareholder approvals, if any, required by the TSX in connection with the institution and adoption of the Omnibus Incentive Plan (the "**Omnibus Incentive Plan Resolution**"), and (vi) such approvals required by the TSX in connection with the Shareholder Rights Plan (the "**SRP Resolution**"), and such other business as may properly be brought before the Shareholders' Meeting or any adjournment or postponement thereof, all as more particularly described in the Information Circular. The Federal Continuance Resolution, the Shareholders' Arrangement Resolution, the TSX Arrangement Resolution, the TSX 1.5 Lien Notes Resolution,

the Omnibus Incentive Plan Resolution and the SRP Resolution are collectively referred to as the "**Shareholders' Resolutions**", and the Shareholders' Resolutions collectively with the Senior Unsecured Noteholders' Arrangement Resolution, are referred to as the "**Resolutions**". For greater certainty, nothing in this Interim Order shall prohibit any Applicant from including on the agenda for the Shareholders' Meeting certain matters to be considered at an annual meeting of shareholders, and nothing herein shall restrict or prohibit any Applicant from proceeding with such annual meeting of shareholders matters prior to a postponement or adjournment of the Shareholders' Meeting.

(c) In addition, the Shareholders' Arrangement Resolution, excluding the votes of those Shareholders required to be excluded pursuant to Multilateral Instrument 61-101 ("**MI 61-101**"), shall be counted for the purpose of the approval of the issuance of the 1.5 Lien Notes to the extent such issuance constitutes a "related party transaction" for the purpose of MI 61-101 and to the extent required pursuant to MI 61-101.

7. The Senior Unsecured Noteholders' Meeting shall be called, held and conducted in accordance with the CBCA, the rulings and directions of the Chair, the Preliminary Interim Order, this Interim Order and the applicable notice of the Meetings which accompany the Information Circular (the "**Notice of Meetings**"), subject to what may be provided hereafter (including, without limitation, paragraphs 12 and 13 of this Interim Order) and subject to further order of this Court.

8. The Shareholders' Meeting shall be called, held and conducted in accordance with the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "**ABCA**"), the rulings and directions of the Chair, this Interim Order and the applicable Notice of Meeting, subject to what may be provided hereafter (including, without limitation, paragraphs 12 and 13 of this Interim Order) and subject to further order of this Court.

9. The only persons entitled to attend or speak at the Senior Unsecured Noteholders' Meeting shall be:

(a) the Senior Unsecured Noteholders as of the Senior Unsecured Noteholder Record Date or their authorized proxyholders, and their respective advisors, including the advisors to the Initial Consenting Noteholders;

(b) the officers, directors, auditors and advisors of the Applicants;

(c) the Senior Unsecured Notes Trustee and its advisors;

(d) the Director; and

(e) other persons who may receive the permission of the Chair of the Senior Unsecured Noteholders' Meeting.

10. The only persons entitled to attend or speak at the Shareholders' Meeting shall be:

(a) the Existing Shareholders as of the Shareholder Record Date, or their authorized proxyholders, and their respective advisors;

(b) the Senior Unsecured Noteholders as of the Senior Unsecured Noteholder Record Date or their authorized proxyholders, and their respective advisors, including the advisors to the Initial Consenting Noteholders;

(c) the officers, directors, auditors and advisors of the Applicants;

(d) the Director; and

(e) other persons who may receive the permission of the Chair of the Shareholders' Meeting,

and the Initial Consenting Noteholders and their respective advisors shall be entitled to attend and observe at the Shareholders' Meeting.

11. The Applicants may transact such other business at the Meetings as is contemplated in the Information Circular, or as may otherwise be properly brought before the Meetings.

**Chair and Quorum**

12. The Chair of each of the Meetings shall be determined by the Applicants (the "**Chair**") and, subject to this Interim Order and any further order of the Court, shall decide all matters relating to the conduct of the Meetings.

13. The quorum at each of the Meetings shall be satisfied if two or more persons entitled to vote at such Meeting are present, in person (including virtually or by telephone) or represented by proxy, at the outset of such Meeting.

**Amendments to the Arrangement and Plan of Arrangement**

14. Subject to the terms of the Noteholder Support Agreement, the Plan of Arrangement and paragraph 15 herein, the Applicants are authorized to make such amendments, modifications and/or supplements to the Arrangement and the Plan of Arrangement as they may determine by providing notice in accordance with the Noteholder Support Agreement or without any additional notice, as applicable, to the Senior Unsecured Noteholders and Existing Shareholders, or others entitled to receive notice under paragraphs 20 and 27 hereof, and the Arrangement and Plan of Arrangement, as so amended, modified and/or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Senior Unsecured Noteholders and Existing Shareholders at the Meetings and shall be the subject of the applicable Resolutions. Any amendments, modifications and/or supplements to the Arrangement or Plan of Arrangement may be made following the Meetings, but shall be subject to the terms of the Noteholder Support Agreement and the Plan of Arrangement and, if appropriate, further direction by this Court at the hearing for the final order approving the Arrangement (the "**Final Order**").

15. If any amendments, modifications and/or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 14, above, would, if disclosed, reasonably be expected to affect a Senior Unsecured Noteholder's or Existing Shareholder's decision to vote for or against the applicable Resolution, notice of such amendment, modification and/or supplement shall be, subject to the Noteholder Support Agreement, distributed prior

to the relevant Meeting by press release, prepaid ordinary mail or e-mail or by the method most reasonably practicable in the circumstances, as the Applicants may determine.

**Information Circular**

16. The Applicants are authorized to make such amendments, revisions and/or supplements to the draft Information Circular as they may determine and the Information Circular, as so amended, revised and/or supplemented, shall be the Information Circular to be distributed in accordance with paragraphs 20 and 27 hereof.

17. The Applicants are authorized to send the Information Circular to the Senior Unsecured Noteholders and the Existing Shareholders as contemplated in paragraphs 20 and 27 hereof and shall not be required to send to the Senior Unsecured Noteholders or the Existing Shareholders any further or additional disclosure, whether pursuant to Section 192 of the CBCA, the ABCA or otherwise. Notwithstanding the foregoing, nothing in this paragraph shall constitute a determination, for purposes of the application for the Final Order, of the adequacy or sufficiency of any disclosure given by the Applicants, and all parties' rights with respect thereto are hereby expressly preserved.

**Adjournments and Postponements**

18. The Applicants are authorized, if they deem advisable, to adjourn or postpone one or more of the Meetings on one or more occasions, without the necessity of first convening such Meetings or first obtaining any vote of the Senior Unsecured Noteholders or Existing Shareholders, as applicable, respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as the Applicants may determine is appropriate in the circumstances.

19. Any adjournment or postponement of one or more of the Meetings shall not have the effect of modifying the Senior Unsecured Noteholder Record Date or the Shareholder Record Date for persons entitled to receive notice of or vote at such Meetings. At any subsequent reconvening of an adjourned or postponed Meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convened Meeting, except for

any proxies that have been effectively revoked or withdrawn prior to the subsequent reconvening of such adjourned or postponed Meeting.

**Notice of Senior Unsecured Noteholders' Meeting and Solicitation Process**

20. In order to effect notice of the Senior Unsecured Noteholders' Meeting, the Applicants shall send the Information Circular (including the applicable Notice of Meeting, the Notice of Application and this Interim Order), the Participation Form and the Senior Unsecured Noteholder proxy and voting information and election form (including any electronic version thereof for use by its Intermediary, the "**Noteholder VIEF**") (collectively, and together with the Information Circular, Participation Form and such amendments or additional documents as the Applicants may determine are necessary or desirable and not inconsistent with the terms of this Interim Order, the "**Noteholder Meeting Packages**"), which Noteholder VIEF shall provide instructions for how a Senior Unsecured Noteholder can instruct its Intermediary as to how to vote its Senior Unsecured Notes at the Senior Unsecured Noteholders' Meeting (the "**Noteholder Instructions**") to Kingsdale Advisors (the "**Proxy, Information and Exchange Agent**") for distribution in accordance with this Interim Order. For the avoidance of doubt, all Noteholder Meeting Packages and all other communications or documents to be sent pursuant to this Interim Order shall be distributed by or on behalf of the Applicants.

21. As soon as practicable after this Interim Order, the Senior Unsecured Note Trustee shall request, and promptly upon receipt shall provide, or cause to be provided, the Applicants and the Proxy, Information and Exchange Agent with a list (or lists) showing the names and addresses of all persons who are participants (each, an "**Intermediary**") holding Senior Unsecured Notes in the clearing, settlement and depository system operated by The Depository Trust Company ("**DTC**") and the principal amount of Senior Unsecured Notes held by each Intermediary as at the Senior Unsecured Noteholder Record Date (the "**Intermediaries List**").

22. Upon receipt by the Proxy, Information and Exchange Agent of the Intermediaries List or other information identifying intermediaries, the Proxy, Information and Exchange Agent shall send a Noteholder Meeting Package to DTC, as the sole registered holder of the Senior

Unsecured Notes, and shall, through the facilities of DTC and Broadridge Investor Communication Solutions, Canada, a subsidiary of Broadridge Financial Solutions, Inc. (**"Broadridge"**), and any other applicable proxy mailing service provider, as applicable, provide (or cause to be provided), in accordance with customary practices, one Noteholder Meeting Package to each Senior Unsecured Noteholder that has an account (directly or indirectly through an agent or custodian) with the Intermediaries.

23. Each Intermediary shall take any and all reasonable action required to assist any Senior Unsecured Noteholder which has an account (directly or through an agent or custodian) with such Intermediary in returning to the Intermediary its Noteholder Instructions or such other documentation (or electronic instructions) as the Intermediary may customarily request from a Senior Unsecured Noteholder for purposes of enabling it to vote at the Senior Unsecured Noteholders' Meeting and to deliver its Noteholder Instructions.

24. Concurrently with the mailing of the Noteholder Meeting Packages as contemplated in paragraph 22 above, DTC shall, in accordance with its customary procedures, cause to be delivered through the Intermediaries to each Senior Unsecured Noteholder information pertaining to an electronic version of the Noteholder VIEF through a DTC bulletin and establish a voluntary corporate action pursuant to DTC's Automated Tender Offer Program (**"ATOP"**) or any similar program which provides each Senior Unsecured Noteholder with the opportunity to submit its Noteholder Instructions.

25. As soon as practicable after receipt of the Noteholder Meeting Packages pursuant to paragraph 20 above, the Proxy, Information and Exchange Agent, or the Applicants, shall send, or cause to be sent, by pre-paid ordinary or first-class mail, recognized courier service, e-mail or such other means as the Applicants may determine are reasonable in the circumstances, a Noteholder Meeting Package to the Senior Unsecured Notes Trustee.

26. All Noteholder Meeting Packages and all other communications or documents to be sent pursuant to this Interim Order shall be posted on the company website maintained by the Applicants.

**Notice of Shareholders' Meeting and Proxy Solicitation Process**

27. In order to effect notice of the Shareholders' Meeting, the Applicants shall send the Information Circular (including the applicable Notice of Meeting, the Notice of Application and this Interim Order), the form of proxy and the Letter of Transmittal, along with such amendments or additional documents as the Applicants may determine are necessary or desirable and not inconsistent with the terms of this Interim Order (collectively, the "**Shareholder Meeting Packages**"), to:

(a) the registered Existing Shareholders at the close of business on the Shareholder Record Date, at least twenty-one (21) days prior to the date of the Shareholders' Meeting, excluding the date of sending but including the date of the Shareholders' Meeting, by one or more of the following methods:

(i) by pre-paid ordinary or first-class mail to the addresses of the Existing Shareholders as they appear on the books and records of Calfrac, or its registrar and transfer agent, at the close of business on the Shareholder Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of Calfrac;

(ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or

(iii) by facsimile, e-mail or electronic transmission to any Existing Shareholder, who is identified to the satisfaction of Calfrac, who requests such transmission in writing;

(b) the non-registered beneficial Existing Shareholders by providing sufficient copies of the Shareholder Meeting Packages to intermediaries (or their agents) in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and

(c) the respective directors and auditors of the Applicants, and to the Director, by delivery in person, by recognized courier service, by pre-paid ordinary mail, first-

class mail, facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Shareholders' Meeting;

and, for the avoidance of doubt, all Shareholder Meeting Packages and all other communications or documents to be sent pursuant to this Interim Order shall be distributed by or on behalf of the Applicants.

28. Accidental failure or omission by the Applicants, the Proxy, Information and Exchange Agent, DTC, Broadridge, any other applicable proxy mailing service providers, the Intermediaries, the Senior Unsecured Notes Trustee or any other person referenced in this Interim Order to give notice of the Meetings or to distribute the Noteholder Meeting Packages or the Shareholder Meeting Packages to any person entitled by this Interim Order to receive notice or the applicable package, or any failure or omission to give such notice or deliver such package as a result of events beyond the reasonable control of the Applicants, or the non-receipt of such notice or non-delivery of such package shall not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at any of the Meetings. If any such failure or omission is brought to the attention of the Proxy, Information and Exchange Agent or the Applicants, the Proxy, Information and Exchange Agent and the Applicants shall use their reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

29. In the event of a postal strike, lockout or event, including events related to or arising as a result of the COVID-19 pandemic, that prevents, delays, or otherwise interrupts mailing or delivery of the Noteholder Meeting Packages pursuant to paragraph 20 of this Interim Order or the distribution of the Shareholder Meeting Packages pursuant to paragraph 27 of this Interim Order, the issuance of a press release containing the details of the date, time and place of the Meetings, steps that may be taken by Senior Unsecured Noteholders and Existing Shareholders, as applicable, to deliver or transmit proxies, and that the Information Circular will be provided by electronic mail or by courier upon request made by a Senior Unsecured Noteholder or Existing Shareholder, will be deemed good and sufficient service upon the Senior Unsecured Noteholders and Existing Shareholders of the Noteholder Meeting Package and Shareholder Meeting Package, as applicable, and shall

be deemed to satisfy the requirements of Section 135 of the CBCA and Sections 134 and 150 of the ABCA.

30. Distribution of the Noteholder Meeting Packages pursuant to paragraph 20 of this Interim Order and the distribution of the Shareholder Meeting Packages pursuant to paragraph 27 of this Interim Order shall constitute notice of the Meetings and the Senior Unsecured Noteholder Record Date and Shareholder Record Date, as applicable, and good and sufficient service of the within Application upon the persons described in paragraphs 20 and 27 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Noteholder Meeting Packages or the Shareholder Meeting Packages or any portion thereof need be made, or notice given or other material served in respect of these proceedings, the Meetings and/or the Senior Unsecured Noteholder Record Date and the Shareholder Record Date to such persons or to any other persons (whether pursuant to the CBCA, ABCA or otherwise), except to the extent required by paragraph 15 above.

**Amendments to the Meetings Packages**

31. Subject to the terms of the Noteholder Support Agreement, the Applicants are hereby authorized to make such amendments, revisions or supplements to the Noteholder Meeting Packages and/or Shareholder Meeting Packages as the Applicants may determine are necessary or desirable and not inconsistent with the terms of this Interim Order ("**Additional Information**"), and notice of such Additional Information may, subject to paragraph 15, be distributed in accordance with paragraphs 20 and 27, above, or by such other method most reasonably practicable in the circumstances, as the Applicants may determine.

**Noteholder Early Consent Consideration**

32. In order for a Senior Unsecured Noteholder to be treated as an Early Consenting Noteholder for the purposes of the Plan of Arrangement, subject to the additional terms and conditions of the Plan of Arrangement:

(a) such Senior Unsecured Noteholder must submit to its Intermediary (or Intermediaries) on or prior to September 8, 2020 (the "**Early Consent Date**"), or such earlier deadline as the Intermediary may advise, its Noteholder Instructions (and their duly completed proxy or Noteholder VIEF or other documentation or instructions as the Intermediary may customarily request from a Senior Unsecured Noteholder for purposes of properly obtaining its voting and election instructions) to permit their respective Intermediary to duly complete and submit in a timely manner to: (i) DTC through ATOP (or such other method as may be accepted by the Proxy, Information and Exchange Agent and the Applicants), their early consent election; and (ii) to the Proxy, Information and Exchange Agent through a master proxy form ("**Master Proxy**"), the Senior Unsecured Noteholder's Noteholder Instructions, in each case by 5:00 p.m. (Calgary time) on the Early Consent Date (the "**Early Consent Deadline**"), and such Noteholder Instructions (and any applicable proxy or Noteholder VIEF or other documentation or instructions as the Intermediary requests) must all instruct a vote in favour of the Senior Unsecured Noteholders' Arrangement Resolution;

(b) such Senior Unsecured Noteholder must not have withdrawn or changed its vote in favour of the Senior Unsecured Noteholders' Arrangement Resolution prior to the Effective Date; and

(c) the respective Intermediary must take such steps and/or actions as are necessary or required to complete and submit the Senior Unsecured Noteholder's voting and election instructions as provided to the Intermediary in accordance with subparagraph (a) to DTC through ATOP (or such other method as may be accepted by the Proxy, Information and Exchange Agent and the Applicants) and deliver the Noteholder Instructions through a Master Proxy to the Proxy, Information and Exchange Agent, in each case prior to the Early Consent Deadline,

and each such Intermediary shall verify the holdings of the Senior Unsecured Notes as at the Early Consent Date of the Senior Unsecured Noteholders that submit their Noteholder Instructions in accordance with this paragraph 32 and shall provide such holdings

information, together with a detailed registration report and Master Proxy of the Noteholder Instructions, and all other applicable voting instructions received by such Intermediary to the Proxy, Information and Exchange Agent by the Early Consent Deadline. Any Senior Unsecured Noteholders whose Noteholder Instructions are received by the Proxy, Information and Exchange Agent after the Early Consent Deadline shall not be treated as an Early Consenting Noteholder for the purposes of the Plan of Arrangement.

**Voting by VIEFs, Voting Forms and Proxies**

33. The Applicants are authorized to use the forms of proxy, voting forms and/or voting information and election forms, including the Noteholder VIEF, along with such amendments and additional documents as the Applicants may determine are necessary or desirable and not inconsistent with the terms of this Interim Order. The Applicants are authorized, at their expense, to solicit proxies, directly or through their officers, directors or employees, and through the Proxy, Information and Exchange Agent, Broadridge and such other agents or representatives as the Applicants may retain for that purpose, and by mail or such other forms of personal or electronic communication as they may determine. The Applicants, with the consent of the Initial Consenting Noteholders, may waive generally, in their discretion, the time limits set out in the Information Circular and the Participation Form for the deposit or revocation of proxies and/or the delivery of completed Participation Forms, if the Applicants deem it advisable to do so.

34. If not otherwise cast in accordance with paragraph 32, in order to cast its vote at the Senior Unsecured Noteholder Meeting, a Senior Unsecured Noteholder must submit to its Intermediary at or prior to 5:00 p.m. (Calgary time) on September 15, 2020, or such later date as may be agreed by the Applicants in the event that the applicable Meeting is postponed or adjourned (the "**Voting Deadline**"), or such earlier deadline as an Intermediary may advise the applicable Senior Unsecured Noteholder, its instructions, duly completed Noteholder VIEF or such other documentation as the Intermediary may customarily request from a Senior Unsecured Noteholder for purposes of properly obtaining their voting instructions.

35. Each Intermediary shall verify the holdings of Senior Unsecured Notes, as at the Senior Unsecured Noteholder Record Date, of the Senior Unsecured Noteholders that submit their instructions, duly completed Noteholder VIEF or such other documentation as the Intermediary may customarily request from a Senior Unsecured Noteholder (for purposes of properly obtaining their voting instructions) pursuant to paragraphs 32 to 34 above, and shall provide such holdings information and voting instructions to the Proxy, Information and Exchange Agent as soon as practicable following receipt of such Senior Unsecured Noteholders' Noteholder Instructions and, in any event, by the Voting Deadline.

36. Any Senior Unsecured Noteholder that wishes to attend the Senior Unsecured Noteholders' Meeting in person or appoint another person as proxy (other than as contemplated by the Noteholder VIEF) (an "**In-Person Noteholder**") shall be required to contact the Proxy, Information and Exchange Agent and shall be required to complete separate documentation in accordance with the instructions provided by the Proxy, Information and Exchange Agent for purposes thereof.

37. In order to cast its vote at the Shareholders' Meeting, an Existing Shareholder must submit, or cause to be submitted, to the Transfer Agent by the Voting Deadline, its duly completed proxy in accordance with the instructions contained therein. The Transfer Agent shall provide the proxies received from Shareholders together with a summary thereof to the Proxy, Information and Exchange Agent as soon as practicable following the Voting Deadline.

38. Notwithstanding paragraphs 36 and 37, the Applicants shall have the discretion to accept for voting purposes any duly completed proxy and/or voting information and election form, as applicable, submitted following the Voting Deadline but prior to the commencement of the applicable Meeting and the Applicants are hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any proxy and/or voting information form is completed and executed, or electronically submitted, and may waive strict compliance with the deadlines imposed in connection therewith.

39. Subject to the terms of the Support Agreements, Senior Unsecured Noteholders shall be entitled to revoke a proxy at any time prior to the exercise thereof at the Senior Unsecured Noteholder Meeting as follows:

(a) if revoking Noteholder Instructions instructing a vote in favour of the Senior Unsecured Noteholders' Arrangement Resolution such that the applicable Senior Unsecured Noteholder is eligible pursuant to paragraph 32 to be treated as an Early Consenting Noteholder for the purpose of the Plan of Arrangement, then a revocation will be deemed to be made upon such Senior Unsecured Noteholder providing new instructions to such Senior Unsecured Noteholder's Intermediary at any time prior to the Early Consent Deadline, provided such Intermediary has then delivered such new instructions to DTC and/or the Proxy, Information and Exchange Agent, as applicable, prior to the Early Consent Date in accordance with the process described in paragraph 32; and

(b) if revoking any other Noteholder Instructions, a revocation will be deemed to be made upon the Senior Unsecured Noteholder providing new instructions to such Senior Unsecured Noteholder's Intermediary which the Intermediary must then deliver to the Proxy, Information and Exchange Agent prior to the Voting Deadline.

40. Subject to the terms of the Support Agreements, Existing Shareholders shall be entitled to revoke a proxy at any time prior to the exercise thereof at Shareholders' Meeting by:

(a) depositing with the scrutineer(s) (in the same manner as it may deposit a proxy) an instrument in writing executed by such party or by an attorney authorized in writing, or, if the party is a corporation, by a duly authorizer officer or attorney thereof, at any time prior to the exercise thereof at the Meetings, or with the Chair on the day of the Meetings; or

(b) providing a further proxy which is dated subsequent to the date of the original proxy in the manner described in the Information Circular; or

(c) in any manner permitted by law.

41. Paragraphs 32 to 40 hereof, and the instructions contained in the proxy or voting information and election forms, as applicable, shall govern the submission of the applicable proxy or voting information and election form.

**Voting**

42. The only persons entitled to vote in person or by proxy (i) on the Senior Unsecured Noteholders' Arrangement Resolution, or such other business as may be properly brought before the Senior Unsecured Noteholders' Meeting, shall be those Senior Unsecured Noteholders as at the Senior Unsecured Noteholder Record Date, and (ii) on the Shareholders' Resolutions, or such other business as may be properly brought before the Shareholders' Meeting, shall be, subject to the ABCA, the Existing Shareholders as at the Shareholder Record Date. Subject to paragraph 39, illegible votes, spoiled votes, defective votes and abstentions in respect of any ballot(s) conducted at the applicable Meeting shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the applicable Resolution. The scrutineer(s) are hereby authorized and directed to:

(a) at the Senior Unsecured Noteholders' Meetings, separately tabulate the votes cast by: (i) the Initial Commitment Parties, the Additional Commitment Parties and their respective joint actors (collectively, the **"Commitment Parties"**); (ii) Wilks Brothers, LLC (**"Wilks Brothers"**) and their joint actors (collectively, the **"Wilks Parties"**); and (iii) all other Senior Unsecured Noteholders; and

(b) at the Shareholders' Meeting, separately tabulate the votes cast by: (i) the Wilks Parties; (ii) MATCO Investments Ltd. and Ronald P. Mathison and their joint actors (collectively, the **"MATCO Parties"**); (iii) G2S2 Capital Inc. and its joint actors (collectively, the **"G2S2 Parties"**); (iv) all other Commitment Parties; and (v) all other Existing Shareholders.

The Applicants shall file evidence in advance of the application for the Final Order in which the Applicants shall describe:

(c) to the extent that the scrutineer(s) are not able to identify all votes cast in the Meetings by the foregoing parties, all votes cast in the Meetings by the MATCO Parties, the G2S2 Parties and the remaining Initial Commitment Parties; and the Applicants shall make best efforts to obtain and include such information from the Additional Commitment Parties; and

(d) all Senior Unsecured Notes and Common Shares acquired by the MATCO Parties, the G2S2 Parties and the remaining Initial Commitment Parties between July 13, 2020 and August 10, 2020, and the Applicants shall make best efforts to obtain and include such information from the Additional Commitment Parties.

43. Votes shall be taken at the Senior Unsecured Noteholders' Meeting in respect of the Senior Unsecured Noteholders' Arrangement Resolution and any other items of business affecting the Applicants properly brought before such Meeting on the basis of one vote per US$1,000 of principal amount of Senior Unsecured Notes held by the applicable registered Senior Unsecured Noteholder as at the Senior Unsecured Noteholder Record Date.

44. Votes shall be taken at the Shareholders' Meeting in respect of the Shareholders' Resolutions and in respect of matters properly brought before the Shareholders' Meeting on the basis of one vote per Common Share outstanding as at the Shareholder Record Date.

45. In order for the Plan of Arrangement to be considered to have been approved at each Meeting, subject to further Order of this Court: (i) the Senior Unsecured Noteholders' Arrangement Resolution must be passed, with or without variation, at the Senior Unsecured Noteholders' Meeting by an affirmative vote of at least two-thirds ($66^{2/3}$%) (by value) of the votes cast in respect of the Senior Unsecured Noteholders' Arrangement Resolution at the Senior Unsecured Noteholders' Meeting in person or by proxy by the Senior Unsecured Noteholders, and (ii) the Shareholders' Arrangement Resolution must be passed, with or without variation, at the Shareholders' Meeting by an affirmative vote of: (A) at least two-thirds ($66^{2/3}$%) of the votes cast in respect of the Shareholders' Arrangement Resolution at the Shareholders' Meeting in person or by proxy by the Existing Shareholders; and (B) for the purposes of the approval of the issuance of 1.5 Lien Notes and to the extent such issuance constitutes a "related party transaction" for the purposes of MI 61-101, a simple

majority of the votes cast in respect of the Shareholders' Arrangement Resolution at the Shareholders' Meeting in person or by proxy by the Existing Shareholders excluding the votes required to be excluded for majority of the minority approval at the Shareholders' Meeting for the purpose of MI 61-101 and to the extent required pursuant to MI 61-101 provided, however, that nothing herein shall restrict the Applicants from seeking approval by the Court of the Final Order in the event that the Shareholders' Arrangement Resolution is not passed in accordance with this paragraph 45. The votes set out in subparagraph (i) and (ii) above shall be sufficient to authorize the Applicants to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Information Circular, as it may be amended, revised and/or supplemented pursuant to the terms of this Interim Order or further Order of the Court, without the necessity of any further approval by the Senior Unsecured Noteholders and Existing Shareholders, subject only to final approval of the Arrangement by this Court and the satisfaction or waiver of the conditions to the Plan of Arrangement pursuant to its terms.

**Pro Rata Offering**

46. Only Eligible Noteholders holding Senior Unsecured Notes as 12:00 p.m. on August 24, 2020 (the "**Participation Record Date**") shall be entitled to participate in the Pro Rata Offering pursuant to its Subscription Privilege.

47. Concurrently with the mailing of the Noteholder Meeting Packages as contemplated in paragraph 22 above, DTC shall, in accordance with its customary procedures, cause to be delivered through the Intermediaries to each Senior Unsecured Noteholder information pertaining to an electronic version of the Participation Form through a DTC bulletin and establish a voluntary corporate action pursuant to DTC's Automated Subscription Offer Program ("**ASOP**") or any similar program which provides each Senior Unsecured Noteholder with the opportunity to submit its Participation Form.

48. Eligible Noteholders that are interested in participating in the Pro Rata Offering will be required to:

(a) submit to their Intermediaries on or prior to the Participation Deadline, or such earlier deadline as the Intermediaries may advise, their Participation Form (or such other documentation or instructions as the Intermediary may customarily request form a Eligible Noteholder for purposes of properly obtaining their instructions to participate in the Pro Rata Offering), to permit their respective Intermediary to complete and submit in a timely manner to: (i) DTC through ASOP (or such other method as may be accepted by the Proxy, Information and Exchange Agent and the Applicants), their Participation Form; and (ii) the Proxy, Information and Exchange Agent through a master Participation Form ("**Master Participation Form**"), the Senior Unsecured Noteholder's Participation Form, in each case by 5:00 p.m. (Calgary time) on September 11, 2020 or such later date as the Applicants and the Majority Commitment Parties may agree, each acting reasonably (the "**Participation Deadline**");

(b) the respective Intermediary must take such steps and/or actions as are necessary or required to complete and submit the Senior Unsecured Noteholder's Participation Form in accordance with subparagraph (a) to DTC through ASOP (or such other method as may be accepted by the Proxy, Information and Exchange Agent and the Applicants) and deliver the Participation Forms through a Master Participation Form to the Proxy, Information and Exchange Agent, in each case prior to the Participation Deadline; and

(c) forwarding their respective Electing Noteholder Amount to their Intermediary by the Funding Deadline (or such earlier deadline as the Intermediary may advise);

and each such Intermediary shall verify the holdings of the Senior Unsecured Notes as at the Participation Record Date of the Eligible Noteholders that submit their Participation Forms (or instructions) in accordance with this paragraph 48 and shall provide such holdings information, together with a detailed registration report and Master Participation Form of the Participation Forms, and all other applicable participation instructions received by such Intermediary to the Proxy, Information and Exchange Agent by the Participation Deadline.

**Time Periods**

49. Subject to the terms of the Noteholder Support Agreement, the Applicants may waive or extend the time limits set out herein or in the Information Circular for the deposit or revocation of proxies and/or delivery of completed Participation Forms, as applicable, if the Applicants, in consultation with the Initial Consenting Noteholders, deem it advisable to do so.

**Final Application**

50. The Applicants may apply to this Court, on such notice as is practicable to the parties on the Service List maintained in these proceedings, for the Final Order on September 30, 2020 at 10:00 a.m. (Calgary time) or as soon thereafter as counsel may be heard.

51. The distribution of the Notice of Application and the Interim Order in the Information Circular, when sent in accordance with this Interim Order shall constitute good and sufficient service of the Notice of Application, the Final Order and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Intention to Appear is served in accordance with paragraph 52 of this Interim Order.

52. Any Senior Unsecured Noteholder (other than the Initial Consenting Noteholders), Existing Shareholder or any other interested party (each an "**Interested Party**") desiring to appear and make submissions at the application for the Final Order is required to file with this Court and serve upon the Applicants on or before 5:00 p.m. (Calgary time) on Monday, September 21, 2020, a Notice of Intention to Appear including the Interested Party's address for service (or alternatively, a facsimile number for service by facsimile or an email address for service by electronic mail), indicating whether such Interested Party intends to support or oppose the application or make submissions at the application, together with a detailed summary of the position such Interested Party intends to advocate before the Court, and any evidence or materials which are to be presented to the Court. Service of this notice on the Applicants shall be effected by service upon the solicitors for the Applicants, such service to be effected by delivery to the address below:

Bennett Jones LLP
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

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

53. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the Final Order, and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 52 of this Interim Order, shall be given notice of the adjourned date.

**Variance**

54. Subject to the terms of the Noteholder Support Agreement, the Applicants shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Court may direct.

**Precedence**

55. To the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the Senior Unsecured Notes, the Information Circular, the provisions of the ABCA, the provisions of the CBCA or any of the articles or by-laws of the Applicants, this Interim Order shall govern.

**Notices and Distribution**

56. The Applicants are at liberty to serve or distribute this Interim Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or, in light of the COVID-19 pandemic, electronic mail or e-mail, to interested parties at their respective addresses, electronic mail or email addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery, facsimile, electronic mail or e-mail transmission shall be deemed to be received on the next

Business Day following the date of forwarding thereof, or if sent by ordinary mail, on the third Business Day after mailing.

57. Service or distribution in accordance with this Interim Order shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 8100-2-175 (SOR/DORS).

**Foreign Proceeding**

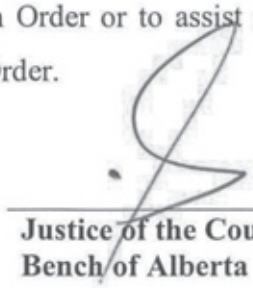
58. A senior officer of one or more of the Applicants is hereby authorized, as necessary, to act as the representative or foreign representative (the "**Foreign Representative**") of any of Applicants in connection with these proceedings and with carrying out the terms of this Interim Order, for, among other things, the purpose of having these proceedings recognized in any other jurisdiction whether in or outside of Canada, as necessary. The Foreign Representative is hereby authorized to apply for foreign recognition of these proceedings, as necessary, in any jurisdiction outside of Canada.

59. The Foreign Representative is hereby authorized to apply for foreign recognition and approval of these proceedings, as necessary, in any jurisdiction outside of Canada, including in the United States pursuant to chapter 15 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532.

**Extra-Territorial Assistance**

60. This Interim Order shall have full force and effect in all other Provinces and Territories of Canada and shall be enforced in the courts of each of the Provinces and Territories of Canada in the same manner in all respects as if this Interim Order had been made by the Court enforcing it.

61. This Court requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province in Canada and any judicial, regulatory or administrative tribunal or body or other court constituted pursuant to the Parliament of Canada, the legislature of any province and any court or any judicial, regulatory or administrative body of the United States, any state thereof or any other country in the aid of and to assist this Court in carrying out the terms of this Interim Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants as may be necessary or desirable to give effect to this Interim Order or to assist and their respective agents in carrying out the terms of this Interim Order.



**Justice of the Court of Queen's Bench of Alberta**

**APPENDIX "M"**
**NOTICE OF APPLICATION FOR THE FINAL ORDER**

| | |
|---|---|
| COURT FILE NUMBER | 2001-08434 |
| COURT | COURT OF QUEEN'S BENCH OF ALBERTA |
| JUDICIAL CENTRE OF | CALGARY |
| MATTER | IN THE MATTER OF SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, C. C-44, AS AMENDED<br><br>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 | **APPLICATION** |
| CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT: | **BENNETT JONES LLP**<br>Barristers and Solicitors<br>4500, 855 – 2nd Street S.W.<br>Calgary, Alberta T2P 4K7<br>Attention: Chris Simard/Kevin Zych/Michael Shakra<br>Telephone: 403.298.4485/416.777.5738/ 416.777.6236<br>Facsimile: 403.298.3100<br><br>Email: simardc@bennettjones.com/ zychk@bennettjones.com/ |

shakram@bennettjones.com

**NOTICE TO THE RESPONDENTS**
This application is made against you. You are a respondent.
You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the application is heard as shown below:

| | |
|---|---|
| Date: | September 30, 2020 |
| Time: | 10:00 a.m. |
| Where: | Calgary Courts Centre, 601 – 5th Street S.W., Calgary<br>(Virtual Courtroom Via Webex) |
| Before: | The Honourable Justice D.B. Nixon |

Go to the end of this document to see what you can do and when you must do it.

1. Capitalized terms used but not otherwise defined herein shall have the respective meaning ascribed to them in the Affidavit of Ronald P. Mathison, sworn [●], 2020 (the "**Mathison Affidavit No. [●]**") or the Circular (as defined below), as applicable.

2. 12178711 Canada Inc. ("**ArrangeCo**"), Calfrac Well Services Ltd. ("**Calfrac**"), Calfrac (Canada) Inc. ("**CCI**"), Calfrac Well Services Corp. and Calfrac Holdings LP, by its general partner CCI, (each an "**Applicant**" and collectively, the "**Applicants** " or the "**Calfrac Entities**") respectfully request a final order (the "**Final Order**") containing, among other things, the following relief:

   (a) deeming delivery, service and notice of this Application, the Interim Order (as defined below), the Meetings, the Noteholder Meeting Packages, the Shareholder Meeting Packages and the Plan of Arrangement (as defined below) on all parties to be good and sufficient;

   (b) approving the Arrangement (as defined below), as described in the Plan of Arrangement pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "**CBCA**") and declaring that:

      (i) the Arrangement is fair and reasonable both procedurally and substantively;

(ii) the Arrangement is an arrangement within the meaning of section 192 of the CBCA; and

(iii) the Applicants have acted, and are acting, in good faith and with due diligence, and have complied with the provisions of the *Business Corporations Act* (Alberta) (the "**ABCA**"), the CBCA and the Interim Order (as defined below) in all respects relating to the Arrangement;

(c) authorizing and directing the Calfrac Entities and all other necessary parties to take all steps and actions necessary or appropriate to implement the Plan of Arrangement, and the other transactions contemplated thereby, in accordance with and subject to the terms of the Plan of Arrangement, including, without limitation, to enter into any agreements or other documents which are to come into effect in connection with the Arrangement;

(d) declaring that as of the Effective Date, and as at the times and sequences set forth in the Plan of Arrangement, the Plan of Arrangement and all associated steps and transactions shall be binding and effective as set out in the Plan of Arrangement, and on the terms and conditions set forth in the proposed Final Order, upon the Calfrac Entities, the Senior Unsecured Noteholders, all Existing Equity Holders, all holders of Released Claims, the Released Parties and all other Persons affected by the Plan of Arrangement, subject to Section 3.4 of the Plan of Arrangement;

(e) approving the releases set forth in Sections 6.1 and 6.2 of the Plan of Arrangement;

(f) ordering that, from and after the Effective Date, all persons shall be deemed to have permanently waived any and all defaults or events of default or any non-compliance with any covenant, obligation or term of any contract, credit agreement, credit document or other agreement relating to, arising out of, or in connection with the Senior Unsecured Notes, the Senior Unsecured Notes Indenture, the Arrangement, the Plan of Arrangement and the transactions contemplated thereunder, the Recapitalization Transaction, and the commencement or continuation of the CBCA Proceedings or the Chapter 15 Proceedings, and all notices of default, accelerations, demands for payment or steps or proceedings taken or commenced in connection

with the foregoing shall be deemed to have been rescinded and of no further force or effect;

(g) ordering that the transactions contemplated by and to be implemented pursuant to the Plan of Arrangement shall not be void or voidable under federal or provincial law and shall not constitute and shall not be, or be deemed to be, preferences, assignments, fraudulent conveyances, transfers at undervalue, or other reviewable transactions under any applicable federal or provincial legislation relating to preferences, assignments, fraudulent conveyances or transfers at undervalue;

(h) authorizing:

(i) a senior officer of one or more of the Applicants, as necessary, to act as the representative or foreign representative (the "**Foreign Representative**") of any of the Applicants in connection with these proceedings and with carrying out the terms of the Final Order, for, among other things, the purpose of having these proceedings recognized in any other jurisdiction whether in or outside of Canada, as necessary; and

(ii) the Foreign Representative to apply for foreign recognition and approval of these proceedings and the Final Order, as necessary, in any jurisdiction outside of Canada, including in the United States pursuant to chapter 15 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532;

(i) declaring that the Final Order shall serve as the basis for reliance on the exemption provided by Section 3(a)(10) of the United States *Securities Act of 1933*, as amended (the "**US Securities Act**"), from the registration requirements otherwise imposed by the US Securities Act regarding the distribution of the New Common Shares to Senior Unsecured Noteholders, pursuant to the Plan of Arrangement; and

(j) such further and order orders, declarations and directions as this Honourable Court may deem just.

**Grounds for Making this Application:**

3. ArrangeCo is a corporation existing under the CBCA.

4. Calfrac is a corporation existing pursuant to the provisions of the ABCA. Its principal and registered office is located in Calgary, Alberta. Prior to the implementation of the Arrangement, Calfrac will effect a continuance pursuant to the Continuance Resolution, whereby it will cease to be governed by the ABCA and come under the jurisdiction of the CBCA.

5. The Applicants seek approval of this Honourable Court pursuant to sections 192(3) and 192(4) of the CBCA of an arrangement (the "**Arrangement**") effecting a recapitalization transaction (the "**Recapitalization Transaction**"). The Arrangement will be effected by way of the Applicants' proposed plan of arrangement (the "**Plan of Arrangement**"). The Plan of Arrangement is attached as Appendix "H" to the Applicants' management information circular dated August 17, 2020, and as may be amended thereafter (the "**Circular**") and is described in greater detail in the Circular attached as Exhibit "6" to the Affidavit of Ronald P. Mathison sworn July 31, 2020 (the "**Mathison Affidavit No. 2**").

6. If approved and implemented, the Arrangement will reduce the Calfrac Group's outstanding total debt by approximately $571.8 million, and reduce its annual cash interest payments by approximately $52.7 million.

7. Once the Recapitalization Transaction is completed, it is expected that: (i) the realizable value of the Applicants' assets will not be less than the aggregate value of their liabilities and stated capital; and (ii) the Applicants will be able to meet their obligations as they become due. Accordingly, the Applicants are expected to satisfy the solvency requirement under the CBCA following the implementation of the Arrangement.

8. On July 13, 2020, this Honourable Court granted a preliminary interim order (the "**Preliminary Interim Order**"), pursuant to which, among other things, these proceedings under the CBCA (the "**CBCA Proceedings**") were commenced and a stay of proceedings was granted in respect of the Applicants.

9. On July 13, 2020, the Applicants filed voluntary petitions for relief under Chapter 15 of the United States Bankruptcy Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the Southern District of Texas, pursuant to which the Applicants are seeking recognition of the CBCA Proceedings, and the orders granted in connection

therewith (including the Preliminary Interim Order), under Chapter 15 of the Bankruptcy Code.

10. On August 7, 2020, this Honourable Court granted an interim order (the "**Interim Order**"), pursuant to which, among other things, the Applicants were authorized to call and hold the Senior Unsecured Noteholders' Meeting and the Shareholders' Meeting to consider and vote on the Arrangement.

11. The Final Order of this Honourable Court approving the Arrangement will, if granted, serve as the basis for an exemption from the registration requirements of the US Securities Act, pursuant to Section 3(a)(10) thereof, with respect to the issuance of New Common Shares to Senior Unsecured Noteholders.

12. It is impracticable to effect the result contemplated by the Arrangement under any provision of the CBCA other than Section 192.

13. Notice of this Application has been given to the Director appointed pursuant to Section 260 of the CBCA, as required by Section 192(5) of the CBCA.

14. This Application is being attached to the Circular for the purpose of providing interested parties with notice of the Calfrac Entities' application to the Court for the Final Order on September 30, 2020. The Calfrac Entities anticipate that this Application may be amended prior to the final preparation, filing and service of the materials to be submitted to the Court in advance of the September 30, 2020 Final Order application.

15. Such further and other grounds as counsel may advise.

**Affidavit or Other Evidence to be used in Support of this Application:**

16. The Applicants intend to rely on the following materials:

    (a) the Mathison Affidavit No. [●] and the exhibits appended thereto;

    (b) the Mathison Affidavit No. 2 and the exhibits appended thereto;

    (c) the Affidavit of Ronald P. Mathison sworn on July 13, 2020 and the exhibits appended thereto; and

(d) such further and other material as counsel to the Applicants may advise and this Honourable Court may permit.

**Applicable Acts and Regulations:**

17. The Applicants will rely upon and refer to the following during the making of the application:

(a) the CBCA;

(b) the *Alberta Rules of Court*, Alta. Reg. 124/2010; and

(c) such further and other Acts and regulations as counsel may advise.

**WARNING**

You are named as a respondent because you have made or are expected to make an adverse claim in respect of this originating application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the applicant(s) and against all persons claiming under the applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken which the applicant(s) is/are entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of this form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

**Any questions and requests for assistance may be directed to our Proxy, Information and Exchange Agent:**

**KINGSDALE** Advisors

The Exchange Tower

130 King Street West, Suite 2950, P.O. Box 361
Toronto, Ontario

M5X 1E2

www.kingsdaleadvisors.com

**North American Toll Free Phone:**

## 1-877-659-1822

**Email: contactus@kingsdaleadvisors.com**

**Facsimile: 1-416-867-2271**

**Toll Free Facsimile: 1-866-545-5580**

**Outside North America, Banks and Brokers Call Collect: 1-416-867-2272**

# Wilks Brothers, LLC Announces Alternative Path to a Premium-To-Market Cash Recovery for Shareholders if Management Transaction Does Not Proceed

NEWS PROVIDED BY
**Wilks Brothers, LLC.** →
Sep 01, 2020, 18:07 ET

THIS IS EXHIBIT "C"
Referred to in the Affidavit of

Sherry Nadeau

Sworn before me this 23 day of September, A.D. 2020.

A Commissioner for Oaths in and for Alberta

Robert Hamilton
Barrister & Solicitor

- Wilks intends to make a formal take over bid to acquire all of Calfrac's issued and outstanding shares at **C$0.18** per share which would ensure Shareholders receive a premium-to-market recovery even if Calfrac refuses to pursue Wilks' Superior Alternative Proposal or voluntarily commences a CCAA proceeding.

- The Premium Offer will nullify the threats made to Shareholders by the entrenched Board and management of Calfrac by guaranteeing a premium-to-market recovery if the Management Transaction is VOTED DOWN by Shareholders and not ultimately approved by the Court.

- Wilks' Superior Alternative Proposal will also remain fully available to Calfrac. The Premium Offer simply guarantees Calfrac Shareholders a superior recovery if Calfrac continues to push ahead with its inferior and conflict-ridden transaction and fails to implement it.

CISCO, Texas, Sept. 1, 2020 /CNW/ - Wilks Brothers, LLC ("**Wilks**") announced today that it intends to provide the Shareholders of Calfrac Well Services Ltd. ("**Calfrac**" or the **"Company**") (TSX: CFW) with an unobstructed path to receive a premium-to-market recovery, in cash, if the coercive, insider-led transaction that has been proposed to them by the entrenched board and management of Calfrac (the "**Management Transaction**") does not proceed.

Wilks intends to make a formal take-over bid (the "**Premium Offer**") to acquire all of the issued and outstanding common shares of Calfrac that it does not currently own for cash consideration of C$0.18 per share. The Premium Offer will be made in accordance with the provisions of National Instrument 62-104 "*Take Over Bids and Issuer Bids"* of the Canadian securities regulators. Wilks anticipates that the bid circular and related materials will be filed and mailed to shareholders of Calfrac within the next 10 days.

Wilks has decided to make the Premium Offer in order to provide Shareholders with a clear path to financial recovery if the Management Transaction is voted down at the Shareholders meeting to be held on September 17, 2020 (the "**Meeting**") and is not ultimately approved by the Court of Queen's Bench of Alberta.

The entrenched board and management of Calfrac have threatened Shareholders, stating (in the Management Information Circular dated August 17, 2020) that if the Management Transaction is not approved, "...the Company may be required to consider or proceed with one or more alternative transactions that result in a reduced or no recovery to Shareholders."

It is clear to Wilks that the entrenched board and management of Calfrac have no intention of ever engaging with Wilks regarding the Superior Alternative Proposal that was put to Calfrac by Wilks on August 4, 2020. In light of that, Shareholders may be unduly influenced by the threats made by the entrenched board and management of Calfrac.

Wilks commits to their fellow Shareholders that, if the Management Transaction is not approved by shareholders at the Meeting and the Management Transaction is not approved by the Court, Shareholders will have a clear path to a premium recovery via the Premium Offer. The Premium Offer provides a highly attractive cash recovery to Shareholders if Calfrac will not move forward with the Wilks Superior Alternative Proposal and even if Calfrac makes good on its implied threat to commence proceedings under the *Companies Creditors Arrangement Act* (Canada) (the "CCAA") should the Management Transaction not proceed. Under the terms of the Premium Offer, Shareholder recovery will NOT be threatened by a CCAA filing.

The consideration per common share that Wilks intends to offer pursuant to the Premium Offer is fully payable in cash and is at a premium to the August 28, 2020 closing price of the common shares and an overwhelming premium to the per common share value that Wilks estimates Shareholders would receive if the Management Transaction were implemented. Through the Premium Offer, Wilks is prepared to allow Shareholders the option of receiving their pro rata percentage of the allotment set forth in the Superior Alternative Proposal. Details concerning the Superior Alternative Proposal are available at www.afaircalfrac.-com.

Wilks anticipates that its obligation to take up and pay for shares under the Premium Offer will be subject to normal conditions (including the statutorily-required 50% minimum tender condition) and a condition that the Management Transaction shall not have been completed and shall have been terminated without material liability to Calfrac.

More importantly, Wilks confirms its intention to take up and pay for shares under the Premium Offer (to the fullest extent permitted by law) even if Calfrac files for protection from its creditors under the CCAA, provided all other conditions to the Premium Offer are satisfied.

Also, and in response to statements made by Calfrac, Wilks also wants to make it clear to all stakeholders that, if its Superior Alternative Proposal is implemented, its intention as majority owner would be to keep the Company intact and focus on delivering the best outcomes for all stakeholders. Should the Board and management of Calfrac continue to block the Superior Alternative Proposal, Shareholders will have the opportunity to receive a premium pursuant to the Premium Offer - a premium Shareholders are unlikely to see if management's inferior proposal is approved, especially given the poor track record of Calfrac's current management team and Board. That leadership team has presided over the near-complete destruction of Shareholder and noteholder value through

mismanagement and reckless financial over-leverage. Wilks believes Shareholders and lenders would fare better with a significantly de-levered Calfrac under Wilks' prudent and transparent leadership.

Wilks reminds all Shareholders to **VOTE AGAINST THE MANAGEMENT TRANSACTION USING THE BLUE VOTING FORM THAT HAS BEEN SENT TO YOU BY WIILKS**. Shareholders should also review Wilks' Proxy Circular dated August 24, 2020 which has been mailed to shareholders and copies of which have posted to Calfrac's SEDAR profile, and are also available at www.afaircalfrac.com.

**WILKS HAS NOT YET COMMENCED THE OFFER NOTED ABOVE IN THIS NEWS RELEASE. UPON COMMENCEMENT OF THE OFFER, WILKS WILL FILE A TAKEOVER BID CIRCULAR WITH VARIOUS SECURITIES COMMISSIONS IN CANADA. THE TAKEOVER BID CIRCULAR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE OFFER AND SHOULD BE READ IN ITS ENTIRETY BY CALFRAC SHAREHOLDERS AND OTHERS TO WHOM THE OFFER IS ADDRESSED. AFTER THE OFFER IS COMMENCED, CALFRAC SHAREHOLDERS (AND OTHERS) WILL BE ABLE TO OBTAIN, AT NO CHARGE, A COPY OF THE OFFER TO PURCHASE, TAKEOVER BID CIRCULAR AND VARIOUS ASSOCIATED DOCUMENTS WHEN THEY BECOME AVAILABLE ON THE SYSTEM FOR ELECTRONIC DOCUMENT ANALYSIS AND RETRIEVAL (SEDAR) AT WWW.SEDAR.COM THIS ANNOUNCEMENT IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO PURCHASE, OTHERWISE ACQUIRE, SUBSCRIBE FOR, SELL, OTHERWISE DISPOSE OF OR ISSUE, OR ANY OTHER SOLICITATION OF ANY OFFER TO SELL, OTHERWISE DISPOSE OF, ISSUE, PURCHASE, OTHERWISE ACQUIRE OR SUBSCRIBE FOR ANY SECURITY. THE OFFER WILL NOT BE MADE IN, NOR WILL DEPOSITS OF SECURITIES BE ACCEPTED FROM A PERSON IN, ANY JURISDICTION IN WHICH THE MAKING OR ACCEPTANCE THEREOF WOULD NOT**

**BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION. HOWEVER, WILKS MAY, IN ITS SOLE DISCRETION, TAKE SUCH ACTION AS IT DEEMS NECESSARY TO EXTEND THE OFFER IN ANY SUCH JURISDICTION.**

## QUESTIONS/ VOTING ASSISTANCE

Shareholders who have questions or require voting assistance, may contact our communications advisor and proxy solicitation agent, Laurel Hill Advisory Group, by phone, toll-free at 1-877-452-7184 (North America) or +1-416-304-0211 (outside North America) or by e-mail at assistance@laurelhill.com.

## Early Warning Disclosure

The following information is disclosed in compliance with National Instruments 62-103 and 62-104.

Wilks announces that they have filed an amended early warning report to disclose changes in certain material facts relating to their ownership of securities of Calfrac. In the amended report, Wilks discloses, among other things, that they intend to commence a formal take over bid to acquire the outstanding shares of Calfrac.

Wilks and Dan and Staci Wilks together hold 28,720,172 Common Shares, representing approximately 19.78% of the issued and outstanding Common Shares of Calfrac on the basis of Calfrac's disclosure in its management information circular dated August 17, 2020. that there are 145,616,827 Common Shares outstanding.

Calfrac is located at 411 – 8th Avenue S.W., Calgary, Alberta, T2P 4G8. Wilks is located at 17010 Interstate 20, Cisco, Texas, 76437. A copy of the early warning report can be obtained from Wilks (817-850-3600) or on the SEDAR profile of Calfrac at www.sedar.com.

## ADDITIONAL DISCLOSURE

Wilks is relying on the exemption under section 9.2(4) of National Instrument 51-102 - Continuous Disclosure Obligations and exemptive relief provided by the Alberta Securities Commission in an Order dated August 4, 2020 (the "**Order**") to make this public broadcast solicitation. The following information is provided in accordance with corporate and securities laws applicable to public broadcast solicitations. This solicitation is being made by Wilks, and not by or on behalf of the management of Calfrac. Wilks has engaged Laurel Hill Advisory Group to act as our communications advisor and proxy solicitation agent.

Based upon publicly available information, Calfrac's registered office is at 4500, 855-2$^{nd}$ Street S.W. Calgary, Alberta, Canada, T2P 4K7, and its head office is at 411-8$^{th}$ Avenue S.W. Calgary, Alberta, Canada, T2P 1E3. Wilks is soliciting proxies in reliance upon the public broadcast exemption to the solicitation requirements under applicable Canadian corporate and securities laws (including the Order), conveyed by way of public broadcast, including press release, speech or publication, and by any other manner permitted under applicable Canadian laws. In addition, this solicitation may be made by mail, telephone, facsimile, email or other electronic means as well as by newspaper or other media advertising and in person. All costs incurred for the solicitation will be borne by Wilks.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain information in this Press Release may constitute "forward-looking information", as such term is defined in applicable Canadian securities legislation, about the objectives of Wilks as they relate to Calfrac. All statements other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions.

Material factors or assumptions that were applied in providing forward-looking information include, but are not limited to: the intention of Wilks to make a formal take-over bid for the shares of Calfrac and the results of such bid; that required regulatory approvals will be obtained on terms satisfactory to Wilks; the reaction of Calfrac's Board and management to the proposed Premium Bid; the response to and outcome of any applications to Courts or regulators relating to the transactions described herein or otherwise that may be made by or against Calfrac or Wilks.

Forward-looking information contained in this Circular reflects current reasonable assumptions, beliefs, opinions and expectations of Wilks regarding future events and operating performance of Calfrac and speaks only as of the date of this Circular. Such forward-looking information is based on currently publicly available competitive, financial and economic data and operating plans and is subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Calfrac, or general industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Many other factors could also cause Calfrac's actual results, performance or achievements to vary from those expressed or inferred herein, including, without limitation, the success of the proposed Premium Bid, the reaction of the market and Calfrac's shareholders, creditors and customers to the Premium Bid, the

impact of legislative, regulatory, competitive and technological changes; the state of the economy; credit and equity markets; the financial markets in general; price volatility; interest rate and exchange rate fluctuations; general economic conditions and other risks involved in the hydraulic fracing industry. The impact of any one factor on a particular piece of forward-looking information is not determinable with certainty as such factors are interdependent upon other factors, and Wilks' course of action would depend upon its assessment of the future considering all information then available.

Should any factor affect Calfrac in an unexpected manner, or should any assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the events predicted. All of the forward-looking information reflected in this Circular is qualified by these cautionary statements. There can be no assurance that the results or developments anticipated by Wilks will be realized or, even if substantially realized, that they will have the expected consequences for Calfrac, Calfrac's shareholders or Wilks. Forward-looking information is provided, and forward-looking statements are made as of the date of this Circular and except as may be required by applicable law, Wilks disclaims any intention and assumes no obligation to publicly update or revise such forward-looking information or forward-looking statements whether as a result of new information, future events or otherwise.

Nothing herein shall be deemed to be an acknowledgement or acceptance by Wilks that the terms of the Management Transaction are legally permissible, appropriate or capable of implementation.

SOURCE Wilks Brothers, LLC.

# Leading Independent Proxy Advisor, ISS, Recommends Shareholders Vote Against Calfrac's Recapitalization Transaction

NEWS PROVIDED BY
**Wilks Brothers, LLC.** →
Sep 08, 2020, 06:20 ET

THIS IS EXHIBIT "D"
Referred to in the Affidavit of
Sherry Nadeau
Sworn before me this 23 day of September, A.D. 2020.
A Commissioner for Oaths in and for Alberta
Robert Hamilton
Barrister & Solicitor

CISCO, Texas, Sept. 8, 2020 /CNW/ - Wilks Brothers, LLC ("Wilks") is pleased to announce that leading independent proxy advisor, Institutional Shareholder Services ("ISS"), has recommended that Shareholders of Calfrac Well Services Ltd. ("Calfrac" or the "Company") (TSX: CFW) vote **AGAINST** Calfrac's Recapitalization Transaction (the "Management Transaction") at the special meeting of Shareholders by using ONLY their BLUE proxy form. The proxy deadline is September 14, 2020 at 5pm MST.

ISS made its wholly independent proxy voting recommendation to vote **AGAINST** the Management Transaction after carefully reviewing the facts and arguments made by both Wilks and Calfrac. In recommending that Shareholders vote AGAINST the Management Transaction, ISS made many of the same observations as other leading independent analysts including CIBC World Markets, BMO Capital Markets, Raymond James Ltd and Cormark Securities Inc., who all noted the superior value delivered to Shareholders under the Wilks' Superior Alternative Proposal. The independent recommendation from ISS is a critical piece of information to assist Shareholders with their proxy voting decisions.

ISS makes the following compelling points in recommending that Shareholders vote the **BLUE** proxy **AGAINST** the Management Transaction:

**Wilks' Superior Alternative Proposal Delivers Superior Shareholder Recovery**

"... it appears that the Wilks Proposal provides a significantly higher dollar recovery to the company's existing shareholders than under the management proposal. As indicated by the dissident, using an enterprise value of $374 million, the value implied by the trading prices of Calfrac's public securities, the dollar recovery under the Wilks Proposal to most of Calfrac's stakeholders appears greater than under the management proposal".

**Governance Issues Relating to Calfrac's Conflicted Process**

"The [Management] Transaction is a related party transaction, as [Ron] Mathison, the company's Executive Chairman and a 19.8% Shareholder, participates in the transaction".

"... it appears Chairman Mathison was involved in negotiating significant elements of the [Management] Transaction".

"Despite the related party nature of this transaction, the board did not appoint a special committee of independent directors to conduct a strategic review process and to negotiate the restructuring. Such committee was only formed to review the Wilks Proposal and to provide a response to the proposal. Given the potential conflict, best practice would have been to form a special committee early in the process and to exclude potentially conflicted directors from negotiating on behalf of the company and from voting on any related party transactions involving such directors".

**Wilks' Takeover Bid Guarantees Shareholders a Premium-to-Market Recovery**

"On Sept. 1, 2020, Wilks announced its intention to formalize a takeover bid to purchase all outstanding share of Calfrac at $0.18 per share within 10 days and prior to the Sept. 17 special meeting. The offer price represents a premium of 20 percent to the unaffected share price, being the prior day's closing price of $0.15 per share."

The Takeover Bid will be conditioned on Shareholders voting AGAINST the Management Transaction. ISS recognized that by Wilks making a Takeover Bid, the risk to shareholder recovery by voting against the Management Transaction was entirely eliminated, no matter what Calfrac does next.

**ISS Recommends Voting AGAINST the Calfrac Transaction**

"While the [Management] Transaction involves many stakeholders, ISS' analysis is primarily provided to the benefit of shareholders. Clearly, the Wilks Proposal provides greater benefits to existing shareholders than the [Management] Transaction, as they would hold a larger equity stake under the Wilks Proposal in a more de-levered company than under the [Management] Proposal. Under the management proposal, shareholders would be subject to even further dilution, as in all likelihood additional financing will be needed sooner rather than later".

**"Given that Wilks' debt reduction plan offers superior value to shareholders and its premium takeover bid mitigates the risk associated with renewed debtholder negotiations, shareholders are advised to use the dissident (blue) proxy card to vote AGAINST management's proposed Recapitalization Transaction".**

Shareholders can only receive a premium recovery by voting AGAINST the Management Transaction using their **BLUE** proxy. **THE PROXY DEADLINE IS SEPTEMBER 14, 2020 AT 5PM MST.**

Another proxy advisor, Glass Lewis & Co. ("Glass Lewis") has also provided a voting recommendation and shares many of Wilks' and ISS' concerns relating to the inherently conflicted governance process conducted by Calfrac and the dismal recoveries to Shareholders under the Management Transaction, as it states:

"To be sure, we share certain of Wilks' concerns regarding the participation of the Company's chairman in the proposed transaction via his personal holding company, the seemingly favorable treatment of a select group of investors (generally creditors) at the expense of common shareholders and the degree to which current common shareholders will see their interests diluted upon completion of the transaction and conversion of the 1.5 Lien Notes".

Glass Lewis' ultimate recommendation for the Management Transaction, however, is clearly not in the best interests of Shareholders. Wilks also notes Glass Lewis' acknowledged conflict of interest: One of their owners, Alberta Investment Management Company, is one of Calfrac's largest stakeholders.

**The ONLY way to Protect Your Investment is by Voting the BLUE Proxy AGAINST the Management Transaction.**

If you have already voted AGAINST the Management Transaction using the BLUE proxy, you do not need to do anything further and we thank you for your support.

If you have yet to vote or want to change your vote, you are encouraged to vote using only the BLUE proxy. Please disregard any other proxies you receive. If you have already submitted a proxy solicited by the Company, you may still change your vote and protect your economic interests by voting your BLUE proxy today. The later dated proxy will supersede any earlier proxy submitted.

To learn more about the reasons for Wilks' voting recommendations, which ISS supports, shareholders may visit www.afaircalfrac.com.

Wilks reminds all Shareholders to **VOTE AGAINST THE MANAGEMENT TRANSACTION USING THE BLUE VOTING FORM THAT HAS BEEN SENT TO YOU FROM WILKS BY THE PROXY DEADLINE OF SEPTEMBER 14, 2020 AT 5PM MST.**

**Questions/ Voting Assistance**

Shareholders who have questions or require voting assistance, may contact our communications advisor and proxy solicitation agent, Laurel Hill Advisory Group, toll-free at 1-877-452-7184 (North America), or +1-416-304-0211 (outside North America), or by e-mail at assistance@laurelhill.com.

**ADDITIONAL DISCLOSURE**

Wilks is relying on the exemption under section 9.2(4) of National Instrument 51-102 - Continuous Disclosure Obligations and exemptive relief provided by the Alberta Securities Commission in an Order dated August 4, 2020 (the "**Order**") to make this public broadcast solicitation. The following information is provided in accordance with corporate and securities

laws applicable to public broadcast solicitations. This solicitation is being made by Wilks, and not by or on behalf of the management of Calfrac. Wilks has engaged Laurel Hill Advisory Group to act as our communications advisor and proxy solicitation agent.

Based upon publicly available information, Calfrac's registered office is at 4500, 855-2nd Street S.W. Calgary, Alberta, Canada, T2P 4K7, and its head office is at 411-8th Avenue S.W. Calgary, Alberta, Canada, T2P 1E3. Wilks is soliciting proxies in reliance upon the public broadcast exemption to the solicitation requirements under applicable Canadian corporate and securities laws (including the Order), conveyed by way of public broadcast, including press release, speech or publication, and by any other manner permitted under applicable Canadian laws. In addition, this solicitation may be made by mail, telephone, facsimile, email or other electronic means as well as by newspaper or other media advertising and in person. All costs incurred for the solicitation will be borne by Wilks.

Wilks and Dan and Staci Wilks together hold 28,720,172 Common Shares, representing approximately 19.78% of the issued and outstanding Common Shares of Calfrac on the basis of Calfrac's disclosure in its management information circular dated August 17, 2020. that there are 145,616,827 Common Shares outstanding.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

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Material factors or assumptions that were applied in providing forward-looking information include, but are not limited to: the intention of Wilks to make a formal take-over bid for the shares of Calfrac and the results of such bid; that required regulatory approvals will be obtained on terms satisfactory to Wilks; the reaction of Calfrac's Board and management to the

proposed Premium Bid; the response to and outcome of any applications to Courts or regulators relating to the transactions described herein or otherwise that may be made by or against Calfrac or Wilks.

Forward-looking information contained in this Press Release reflects current reasonable assumptions, beliefs, opinions and expectations of Wilks regarding future events and operating performance of Calfrac and speaks only as of the date of this Press Release. Such forward-looking information is based on currently publicly available competitive, financial and economic data and operating plans and is subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Calfrac, or general industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Many other factors could also cause Calfrac's actual results, performance or achievements to vary from those expressed or inferred herein, including, without limitation, the success of the proposed Premium Bid, the reaction of the market and Calfrac's shareholders, creditors and customers to the Premium Bid, the impact of legislative, regulatory, competitive and technological changes; the state of the economy; credit and equity markets; the financial markets in general; price volatility; interest rate and exchange rate fluctuations; general economic conditions and other risks involved in the hydraulic fracking industry. The impact of any one factor on a particular piece of forward-looking information is not determinable with certainty as such factors are interdependent upon other factors, and Wilks' course of action would depend upon its assessment of the future considering all information then available.

Should any factor affect Calfrac in an unexpected manner, or should any assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the events predicted. All of the forward-looking information reflected in this Press Release is qualified by these cautionary statements. There can be no assurance that the results or developments anticipated by Wilks will be realized or, even if substantially realized, that they will have the expected consequences for Calfrac, Calfrac's shareholders or Wilks. Forward-looking information is provided, and forward-looking statements are made as of the date of this Press Release and except as may be required by applicable law, Wilks disclaims any intention and assumes no obligation to publicly update or revise such forward-looking information or forward-looking statements whether as a result of new information, future events or otherwise.

Nothing herein shall be deemed to be an acknowledgement or acceptance by Wilks that the terms of the Calfrac Recapitalization Transaction are legally permissible, appropriate or capable of implementation.

SOURCE Wilks Brothers, LLC.

# Wilks Launches Premium Offer For Calfrac Shares; Calfrac Shareholders Now Have an Unobstructed Path to a Premium Recovery by Voting Against the Management Transaction


THIS IS EXHIBIT "E"
Referred to in the Affidavit of
Sherry Nadeau
Sworn before me this 23 day of September, A.D. 2020.
A Commissioner for Oaths in and for Alberta

Robert Hamilton
Barrister & Solicitor

NEWS PROVIDED BY
**Wilks Brothers, LLC.** →
Sep 10, 2020, 06:00 ET

CISCO, Texas, Sept. 10, 2020 /CNW/ - Wilks Brothers, LLC (**"Wilks"**) announced today that its affiliate, THRC Holdings L.P., has commenced a formal take-over bid (the **"Offer"**) for all of the issued and outstanding common shares of Calfrac Well Services Ltd. (**"Calfrac"**, and such shares, the **"Calfrac Shares"**) (**TSX: CFW**) for consideration consisting of $0.18 per Calfac Share, in cash. The Offer will remain open until 4:00 p.m. (Toronto time) on December 23, 2020, subject to its terms. The Offer, take-over bid circular and related materials were filed with securities regulators in Canada today and will be mailed to Calfrac Shareholders.

The Offer provides Shareholders of Calfrac with an unobstructed path to receive a premium-to-market recovery, in cash, if the coercive, insider-led transaction that has been proposed to them by the entrenched board and management of Calfrac

(the "**Management Transaction**") does not proceed. This Offer fulfils our commitment to Shareholders, and entirely eliminates Calfrac's baseless threat that Shareholders either vote for the Management Transaction or be eliminated.

**The choice is simple for Shareholders: $0.18 per Calfrac Share under the Offer *vs* $0.03 per Calfrac Share under the Management Transaction.**

**Shareholders can only preserve their right to benefit from the premium recovery under the Offer by VOTING AGAINST the Management Transaction.**

**Highlights of the Offer:**

- **Material Premium to Current Market Price and to Recovery under Management Transaction**

  The consideration per Calfrac Share that will be paid pursuant to the Offer:

  - represents a 20% premium to the market price of the Calfrac Shares on September 1, 2020, the last trading day prior to the date the intention to make the Offer was announced;
  - represents an overwhelming premium to the value per Calfrac Share that Shareholders would receive if the Management Transaction were implemented (on the basis of current market prices).

- **Removes Virtually all Market-Standard Conditions to Create an Actionable Path to Premium Recovery.**

  Our Offer is subject to minimal conditions:

- Beyond the statutorily-required 50% minimum deposit condition (the "**Statutory Minimum Condition**"), our obligation to take up and pay for Calfrac Shares under the Offer is subject only to the following 4 conditions, all of which we expect will be satisfied or waived:

    - that the Management Transaction (i) shall have failed to be approved by the required majorities of the Shareholders of Calfrac at the up-coming Shareholders Meeting and, in particular, but without limitation, shall not have been approved by the majorities required pursuant to the Interim Order and pursuant to MI 61-101; (ii) shall not have been approved by the Court; and (iii) shall have been terminated (the " **Termination Condition**"). The Offer is not available if the Management Transaction proceeds;
    - receipt of regulatory approvals, if required;
    - there being no law expressly prohibiting the completion of the Offer (the Offeror is not currently aware of any such impediment); and
    - an agreement has not been entered into with Calfrac to complete the Wilks' Superior Alternative Transaction.

Any assertion that the Offer is too conditional is simply not credible.

Moreover, we intend to apply for relief from certain of the statutory take-over bid requirements. Specifically**:**

- The "Initial Deposit Period" of 105 days and the Statutory Minimum Condition, are legal requirements of Canadian securities laws that apply to all "unsolicited" take-over bids.

    - In the event that the "Termination Condition" above is met (which we expect it will), we intend to apply to the appropriate securities regulatory authorities in Canada for an order: (i) waiving the Statutory Minimum Condition; and (ii) shortening the Initial Deposit Period in order to allow us to take up and pay for Calfrac Shares deposited to the Offer as soon as all of the conditions to the Offer are satisfied or waived, rather than waiting until the expiry of the Initial Deposit Period.
    - While the grant of such relief is at the discretion of the applicable securities regulatory authorities, we believe that the circumstances in which the Offer is being made justify it being granted.

- **A CCAA filing by Calfrac Will Not Affect our obligation to purchase Calfrac Shares under the Offer.**

**Shareholders can only preserve their right to benefit from the premium recovery under this Offer by VOTING AGAINST the Management Transaction.**

Copies of the Take-Over Bid Circular and related materials are available at www.afaircalfrac.com and on Calfrac's profile on the Canadian System for Electronic Document Analysis and Retrieval at www.sedar.com.

**NOTICE**

**THIS ANNOUNCEMENT IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT CONSTITUTE OR FORM PART OF THE OFFER OR AN INVITATION TO PURCHASE, OTHERWISE DISPOSE OF OR A SOLICITATION OF AN OFFER TO SELL, ANY SECURITY. WILKS HAS FILED A TAKE-OVER BID CIRCULAR AND REALTED**

**MATERIALS WITH VARIOUS SECURITIES COMMISSIONS IN CANADA PURSUANT TO WHICH THE OFFER IS MADE. THE TAKE-OVER BID CIRCULAR CONTAINS IMPORTANT INFORMATION ABOUT THE OFFER AND SHOULD BE READ IN ITS ENTIRETY BY CALFRAC SHAREHOLDERS AND OTHERS TO WHOM THE OFFER IS ADDRESSED. CALFRAC SHAREHOLDERS (AND OTHERS) WILL BE ABLE TO OBTAIN, AT NO CHARGE, A COPY OF THE OFFER TO PURCHASE, TAKE-OVER BID CIRCULAR AND VARIOUS ASSOCIATED DOCUMENTS ON THE SYSTEM FOR ELECTRONIC DOCUMENT ANALYSIS AND RETRIEVAL (SEDAR) AT WWW.SEDAR.COM THE OFFER WILL NOT BE MADE IN, NOR WILL DEPOSITS OF SECURITIES BE ACCEPTED FROM A PERSON IN, ANY JURISDICTION IN WHICH THE MAKING OR ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION. HOWEVER, WILKS MAY, IN ITS SOLE DISCRETION, TAKE SUCH ACTION AS IT DEEMS NECESSARY TO EXTEND THE OFFER IN ANY SUCH JURISDICTION.**

## QUESTIONS/ VOTING/ TENDERING ASSISTANCE

Shareholders who have questions or require voting or tendering assistance, may contact our communications advisor, proxy solicitation agent, information agent and depositary, Laurel Hill Advisory Group, by phone, toll-free at 1-877-452-7184 (North America) or +1-416-304-0211 (outside North America) or by e-mail at assistance@laurelhill.com.

## ADDITIONAL DISCLOSURE

Wilks is relying on the exemption under section 9.2(4) of National Instrument 51-102 - Continuous Disclosure Obligations and exemptive relief provided by the Alberta Securities Commission in an Order dated August 4, 2020 (the "**Order**") to make this public broadcast solicitation. The following information is provided in accordance with corporate and securities laws applicable to public broadcast solicitations. This

solicitation is being made by Wilks, and not by or on behalf of the management of Calfrac. Wilks has engaged Laurel Hill Advisory Group to act as our communications advisor and proxy solicitation agent.

Based upon publicly available information, Calfrac's registered office is at 4500, 855-2nd Street S.W. Calgary, Alberta, Canada, T2P 4K7, and its head office is at 411-8th Avenue S.W. Calgary, Alberta, Canada, T2P 1E3. Wilks is soliciting proxies in reliance upon the public broadcast exemption to the solicitation requirements under applicable Canadian corporate and securities laws (including the Order), conveyed by way of public broadcast, including press release, speech or publication, and by any other manner permitted under applicable Canadian laws. In addition, this solicitation may be made by mail, telephone, facsimile, email or other electronic means as well as by newspaper or other media advertising and in person. All costs incurred for the solicitation will be borne by Wilks.

Wilks and Dan and Staci Wilks together hold 28,720,172 Common Shares, representing approximately 19.78% of the issued and outstanding Common Shares of Calfrac on the basis of Calfrac's disclosure in its management information circular dated August 17, 2020. that there are 145,616,827 Common Shares outstanding.

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Material factors or assumptions that were applied in providing forward-looking information include, but are not limited to: the intention of Wilks to make a formal take-over bid for the shares of Calfrac and the results of such bid; that required regulatory approvals will be obtained on terms satisfactory to Wilks; the reaction of Calfrac's Board and management to the Bid; the response to and outcome of any applications to Courts or regulators relating to the transactions described herein or otherwise that may be made by or against Calfrac or Wilks; the intention of Wilks to apply to securities regulators for discretionary relief from certain statutory requirements applicable to the bid and the results of such application.

Forward-looking information contained in this Press Release reflects current reasonable assumptions, beliefs, opinions and expectations of Wilks regarding future events and operating performance of Calfrac and speaks only as of the date of this Press Release. Such forward-looking information is based on currently publicly available competitive, financial and economic data and operating plans and is subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Calfrac, or general industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Many other factors could also cause Calfrac's actual results, performance or achievements to vary from those expressed or inferred herein, including, without limitation, the success of the proposed Premium Bid, the reaction of the market and Calfrac's shareholders, creditors and customers to the Premium Bid, the impact of legislative, regulatory, competitive and technological changes; the state of the economy; credit and equity markets; the financial markets in general; price volatility; interest rate and exchange rate fluctuations; general economic conditions and other risks involved in the hydraulic fracking industry. The impact of any one factor on a particular piece of forward-looking information is not determinable with certainty as such factors are interdependent upon other factors, and Wilks' course of action would depend upon its assessment of the future considering all information then available.

Should any factor affect Calfrac in an unexpected manner, or should any assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the events predicted. All of the forward-looking information reflected in this Press Release is qualified by these cautionary statements. There can be no assurance that the results or developments anticipated by Wilks will be realized or, even if substantially realized, that they will have the expected consequences for Calfrac, Calfrac's shareholders or Wilks. Forward-looking information is provided, and forward-looking statements are made as of the date of this Press Release and except as may be required by applicable law, Wilks disclaims any intention and assumes no obligation to publicly update or revise such forward-looking information or forward-looking statements whether as a result of new information, future events or otherwise. Nothing herein shall be deemed to be an acknowledgement or acceptance by Wilks that the terms of the Management Transaction are legally permissible, appropriate or capable of implementation.

SOURCE Wilks Brothers, LLC.

# The Two Leading Proxy Advisory Firms Unanimously Recommend Shareholders Vote Against the Calfrac Management Transaction


THIS IS EXHIBIT "F"
Referred to in the Affidavit of
Sherry Nadeau
Sworn before me this 23 day of September, A.D. 2020.
A Commissioner for Oaths in and for Alberta
Robert Hamilton
Barrister & Solicitor

NEWS PROVIDED BY
**Wilks Brothers, LLC.** →
Sep 11, 2020, 18:47 ET

- *Glass Lewis reverses their original recommendation and now both Glass Lewis and ISS recommend that Shareholders vote **AGAINST** the Management Transaction.*
- *When viewed alongside the significant sell-side analysts' support of Wilks' Superior Alternative Proposal, it is clear that the market recognises that Calfrac Shareholders will not benefit from the insider-led Management Transaction.*
- *The proxy deadline for the **BLUE** proxy is September 14, 2020 at 5pm MST.*
- *Get the **FACTS** at www.afaircalfrac.com.*

CISCO, Texas, Sept. 11, 2020 /CNW/ - Wilks Brothers, LLC ("**Wilks**") is pleased to announce that proxy advisory firm Glass Lewis & Co. ("**Glass Lewis**") has today ***reversed*** its original voting recommendation and now recommends, that Shareholders of Calfrac Well Services Ltd. ("**Calfrac**") (TSX: CFW) vote **AGAINST** Calfrac's Recapitalization Transaction (the "**Management Transaction**") at the special meeting of Shareholders to be held on September 17, 2020 (the "**Meeting**").

Glass Lewis makes the following compelling points, considering both the Wilks "Superior Alternative Proposal" and the Wilks' premium take-over bid which was launched on September 9, 2020 (the "**Premium Offer**") in contrast to the conflict-ridden Management Transaction, in recommending that Shareholders now vote **AGAINST** the Management Transaction and all other items at the Meeting:

"In light of the formal launch of the Wilks Offer ... and the Company's announcement ... that the Calfrac special committee and board will review the Wilks Offer, file a circular and make a recommendation to shareholders with respect to the Wilks Offer in due course, at this time, in order to preserve the ability of shareholders to potentially tender into and accept the Wilks Offer, **we believe unaffiliated Calfrac shareholders should vote against the Recapitalization Transaction currently proposed by the board and management**. As noted above, the Wilks Offer is not available if the Recapitalization Transaction proceeds". *(emphasis added)*

"In terms of the common shareholder value differential, as noted in Wilks' announcements, the Wilks Offer price of C$0.18 per share represents a 20% premium to Calfrac's share price on September 1, 2020, the last trading day before Wilks announced its intention to make a takeover offer. Wilks also asserts that the Wilks Offer price is far superior to the C$0.03 per share that common shareholders would receive under the management-proposed Recapitalization Transaction. Wilks arrives at this estimated value under the Recapitalization Transaction based on the Company's disclosure in the July 13, 2020 announcement presentation of a C$50 million plan equity value, a pro forma share ownership for existing shareholders of 7.8% and 1,877 million total common shares outstanding (pre-dilution). From the perspective of common shareholders, we recognize that the choice between these two values is clear".

"Given the current financial position and prospective performance of Calfrac going forward, we are inclined to suggest that an immediate, all-cash payment at a price representing a premium to Calfrac's unaffected and current share prices -- **and a value that is roughly six times greater than the estimated initial value under the Recapitalization Transaction** -- may reasonably represent a superior alternative for Calfrac's common shareholders, especially when considering the risk and uncertainty inherent in the Company's business plan and the Recapitalization Transaction". *(emphasis added)*

"... now that the Wilks Offer has been formally launched and is pending review by the Calfrac board and special committee, given the nearness of the upcoming voting deadline for the Recapitalization Transaction currently proposed by the board, in order for shareholders to preserve full optionality at this time, we believe shareholders should vote against the Recapitalization Transaction and all other proposals at the EGM".

This revised Glass Lewis recommendation follows the recommendation of another leading independent proxy advisory firm, ISS, that Wilks' Superior Alternative Proposal, backstopped by the Premium Offer, is in the best interests of Shareholders:

"Given that Wilks' debt reduction plan offers superior value to shareholders and its premium takeover bid mitigates the risk associated with renewed debtholder negotiations, shareholders are advised to use the dissident (blue) proxy card to vote AGAINST management's proposed Recapitalization Transaction". – Institutional Shareholder Services Inc. ("**ISS**"), September 5, 2020

**Shareholders have a very clear choice:**

- **Vote AGAINST the Management Transaction and preserve the right to benefit from the premium recovery of $0.18 per Calfrac Share under Wilks' Premium Offer**

OR

- Support the Management Transaction and receive $0.03 per Calfrac Share in new stock under the Management Transaction[1], such stock may ultimately be wiped out due to the excessive debt leverage, including additional secured debt, resulting from the Management Transaction;

**Your vote is necessary to STOP the Management Transaction. Vote BLUE Today.**

**Shareholders can only preserve their right to benefit from the premium recovery under the Premium Offer by first defeating the Shareholder vote on the Management Transaction.** Shareholders should vote **BLUE** and **AGAINST** the Management Transaction.

**The proxy deadline for the BLUE proxy is September 14, 2020 at 5pm MST. Click here for voting instructions.**

If you have already voted AGAINST the Management Transaction using the BLUE proxy, you do not need to do anything further and we thank you for your support.

If you have yet to vote or want to change your vote, you are encouraged to vote using only the BLUE proxy. Please disregard any other proxies you receive. If you have already submitted a proxy solicited by Management, you may still change your vote and protect your economic interests by voting your BLUE proxy today. The later dated proxy will supersede any earlier proxy submitted.

**Need help voting? Please contact Laurel Hill Advisory Group as noted below.**

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[1] Based on the Company's disclosure in the July 13, 2020 Recapitalization Transaction Announcement Presentation of a $50 million Plan Equity Value, Existing Shareholders' 7.8% pro forma share ownership, and 1,877 million total common shares outstanding (pre-dilution).

## QUESTIONS/ VOTING/ TENDERING ASSISTANCE

Shareholders who have questions or require voting or tendering assistance, may contact our communications advisor, proxy solicitation agent, information agent and depositary, Laurel Hill Advisory Group, by phone, toll-free at 1-877-452-7184 (North America) or +1-416-304-0211 (outside North America) or by e-mail at assistance@laurelhill.com.

## NOTICE

**THIS ANNOUNCEMENT IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT CONSTITUTE OR FORM PART OF THE OFFER OR AN INVITATION TO PURCHASE, OTHERWISE DISPOSE OF OR A SOLICITATION OF AN OFFER TO SELL, ANY SECURITY. WILKS HAS FILED A TAKE-OVER BID CIRCULAR AND RELATED MATERIALS WITH VARIOUS SECURITIES COMMISSIONS IN CANADA PURSUANT TO WHICH THE OFFER IS MADE. THE TAKE-OVER BID CIRCULAR CONTAINS IMPORTANT INFORMATION ABOUT THE OFFER AND SHOULD BE READ IN ITS ENTIRETY BY CALFRAC SHAREHOLDERS AND OTHERS TO WHOM THE OFFER IS ADDRESSED. CALFRAC SHAREHOLDERS (AND OTHERS) WILL BE ABLE TO OBTAIN, AT NO**

**CHARGE, A COPY OF THE OFFER TO PURCHASE, TAKE-OVER BID CIRCULAR AND VARIOUS ASSOCIATED DOCUMENTS ON THE SYSTEM FOR ELECTRONIC DOCUMENT ANALYSIS AND RETRIEVAL (SEDAR) AT WWW.SEDAR.COM. THE OFFER WILL NOT BE MADE IN, NOR WILL DEPOSITS OF SECURITIES BE ACCEPTED FROM A PERSON IN, ANY JURISDICTION IN WHICH THE MAKING OR ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION. HOWEVER, WILKS MAY, IN ITS SOLE DISCRETION, TAKE SUCH ACTION AS IT DEEMS NECESSARY TO EXTEND THE OFFER IN ANY SUCH JURISDICTION.**

## ADDITIONAL DISCLOSURE

Wilks is relying on the exemption under section 9.2(4) of National Instrument 51-102 - Continuous Disclosure Obligations and exemptive relief provided by the Alberta Securities Commission in an Order dated August 4, 2020 (the "**Order**") to make this public broadcast solicitation. The following information is provided in accordance with corporate and securities laws applicable to public broadcast solicitations. This solicitation is being made by Wilks, and not by or on behalf of the management of Calfrac. Wilks has engaged Laurel Hill Advisory Group to act as our communications advisor and proxy solicitation agent.

Based upon publicly available information, Calfrac's registered office is at 4500, 855-2$^{nd}$ Street S.W. Calgary, Alberta, Canada, T2P 4K7, and its head office is at 411-8$^{th}$ Avenue S.W. Calgary, Alberta, Canada, T2P 1E3. Wilks is soliciting proxies in reliance upon the public broadcast exemption to the solicitation requirements under applicable Canadian corporate and securities laws (including the Order), conveyed by way of public broadcast, including press release, speech or publication, and by any other manner permitted under applicable Canadian laws. In addition, this solicitation may be made by mail, telephone, facsimile, email or other electronic means as well as by newspaper or other media advertising and in person. All costs incurred for the solicitation will be borne by Wilks.

Wilks and Dan and Staci Wilks together hold 28,720,172 Common Shares, representing approximately 19.78% of the issued and outstanding Common Shares of Calfrac on the basis of Calfrac's disclosure in its management information circular dated August 17, 2020. that there are 145,616,827 Common Shares outstanding.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain information in this Press Release may constitute "forward-looking information", as such term is defined in applicable Canadian securities legislation, about the objectives of Wilks as they relate to Calfrac. All statements other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions.

Material factors or assumptions that were applied in providing forward-looking information include, but are not limited to: the intention of Wilks to make a formal take-over bid for the shares of Calfrac and the results of such bid; that required regulatory approvals will be obtained on terms satisfactory to Wilks; the reaction of Calfrac's Board and management to the Bid; the response to and outcome of any applications to Courts or regulators relating to the transactions described herein or otherwise that may be made by or against Calfrac or Wilks; the intention of Wilks to apply to securities regulators for discretionary relief from certain statutory requirements applicable to the bid and the results of such application.

Forward-looking information contained in this Press Release reflects current reasonable assumptions, beliefs, opinions and expectations of Wilks regarding future events and operating performance of Calfrac and speaks only as of the date of this  Press Release. Such forward-looking information is based on currently publicly available competitive, financial and economic data and operating plans and is subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Calfrac, or general industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Many other factors could also cause Calfrac's actual results, performance or achievements to vary from those expressed or inferred herein, including, without limitation, the success of the proposed Premium Bid, the reaction of the market and Calfrac's shareholders, creditors and customers to the Premium Bid, the impact of legislative, regulatory, competitive and technological changes; the state of the economy; credit and equity markets; the financial markets in general; price volatility; interest rate and exchange rate fluctuations; general economic conditions and other risks involved in the hydraulic fracking industry. The impact of any one factor on a particular piece of forward-looking information is not determinable with certainty as such factors are interdependent upon other factors, and Wilks' course of action would depend upon its assessment of the future considering all information then available.

Should any factor affect Calfrac in an unexpected manner, or should any assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the events predicted. All of the forward-looking information reflected in this Press Release is qualified by these cautionary statements. There can be no assurance that the results or developments anticipated by Wilks will be realized or, even if substantially realized, that they will have the expected consequences for Calfrac, Calfrac's shareholders or Wilks. Forward-looking information is provided, and forward-looking statements are made as of the date of this Press Release and except as may be required by applicable law, Wilks disclaims any intention and assumes no obligation to publicly update or revise such forward-looking information or forward-looking statements whether as a result of new information, future events or otherwise. Nothing herein shall be deemed to be an acknowledgement or acceptance by Wilks that the terms of the Management Transaction are legally permissible, appropriate or capable of implementation.

Twitter: @aFairCalfrac

Website: www.afaircalfrac.com

SOURCE Wilks Brothers, LLC.

For further information: Laurel Hill Advisory Group, by phone, toll-free at 1-877-452-7184 (North America) or +1-416-304-0211 (outside North America) or by e-mail at assistance@laurelhill.com

THIS IS EXHIBIT "G"
Referred to in the Affidavit of
Sherry Nadeau
Sworn before me this 23 day of September, A.D. 2020
A Commissioner for Oaths in and for Alberta

Robert Hamilton, Barristers & Solicitors

# Calfrac Postpones Shareholders and Noteholders Meetings to September 29; Advises Shareholders Not to Take Any Actions with Respect to Wilks Brothers' Unsolicited Offer

CALGARY, AB, Sept. 14, 2020 /CNW/ - Calfrac Well Services Ltd. ("Calfrac" or the "Company") (TSX: CFW) announces the postponement of the shareholders and unsecured noteholders meetings with respect to its proposed Recapitalization Transaction from September 17, 2020 to September 29, 2020.

As announced on Friday September 11, 2020, the unsolicited offer by an affiliate of Wilks Brothers, LLC will be reviewed by the Special Committee and the Board of Directors of Calfrac, with the assistance of their financial and legal advisors. Calfrac's Board of Directors will file a directors' circular with its formal recommendation to Calfrac shareholders on or prior to September 24, 2020. As part of its process, the Company will also consider the ability of the proposed Wilks Brothers, LLC unsolicited offer to be completed on its terms without the support of Calfrac's unsecured noteholders, and the legal rights and positions of such parties. The postponement of the meetings will ensure shareholders and unsecured noteholders have all of the current facts and recent information prior to the meetings. The Company, with the support of the consenting unsecured noteholders, will continue to focus on and advance the Recapitalization Transaction during the review process.

Calfrac shareholders are advised to **TAKE NO ACTION on the Offer and NOT TO TENDER THEIR SHARES.**

**Shareholders will be notified of any material developments relating to Calfrac's Recapitalization Transaction, as well as the recommendation of the Board of Directors with respect to Wilks Brothers' proposal, through news releases.**

Shareholders and Unsecured Noteholders should **VOTE FOR** the Recapitalization Transaction, only on the Company's White Proxy/VIF. **DO NOT** vote on the Wilks Brothers Blue Proxy/VIF.

Any questions or requests for further information regarding voting at the meetings should be directed to **Kingsdale Advisors by: (i) telephone, toll-free in North America at 1-877-659-1822 or at 416-867-2272 outside of North America; or (ii) e-mail to** contactus@kingsdaleadvisors.com.

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, Argentina and Russia.

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 proposed Recapitalization Transaction, the pending Directors' Circular of the Company, and the Company's intentions and expectations regarding future announcements regarding the Recapitalization Transaction.

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 Recapitalization Transaction will be completed as proposed; 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: Calfrac's ability to continue to manage the effect of the COVID-19 pandemic on its operations; default under the Company's credit facilities and/or the Company's senior notes due to a breach of covenants therein; failure to reach any additional agreements with the Company's lenders; the impact of events of defaults in respect of other material contracts of the Company, including but not limited to, cross-defaults resulting in acceleration of amounts payable thereunder or the termination of such agreements; failure of existing shareholders and holders of Unsecured Notes to vote in favour of the Recapitalization Transaction; failure to receive any applicable regulatory approvals in respect of the Recapitalization Transaction or the Offering, global economic conditions; along with those risk and uncertainties identified under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 10, 2020 and filed on SEDAR at www.sedar.com.

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. This press release is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent an exemption from registration under the Securities Act of 1933.

SOURCE Calfrac Well Services Ltd.

View original content: http://www.newswire.ca/en/releases/archive/September2020/14/c0357.html

%SEDAR: 00002062E

**For further information:** Scott Treadwell, Vice President, Capital Markets and Strategy, Telephone: (403) 266-6000, Fax: (403) 266-7381

CO: Calfrac Well Services Ltd.

CNW 06:00e 14-SEP-20

**From:** Jackson, Lara
**Sent:** Wednesday, September 09, 2020 8:02 PM
**To:** 'Chris Simard' <SimardC@bennettjones.com>
**Cc:** Pinos, Timothy <tpinos@cassels.com>; Brent Kraus <KrausB@bennettjones.com>; Denise Brunsdon <BrunsdonD@bennettjones.com>; Kevin Zych <ZychK@bennettjones.com>; Mike Shakra <ShakraM@bennettjones.com>; Adam.Goldberg@lw.com; nacif.taousse@lw.com; Caroline.Reckler@lw.com; jkruger@blg.com; bwiffen@goodmans.ca; rchadwick@goodmans.ca; pcalce@clarkeinc.com; Oliver, Jeffrey <joliver@cassels.com>; dfliman@stroock.com; jstorz@stroock.com; EEnglish@porterhedges.com; EGarfias@porterhedges.com; JHiggins@porterhedges.com; MWebb@porterhedges.com; pgriffin@litigate.com; lthacker@litigate.com; john.salmas@dentons.com; sara.vanallen@dentons.com; scollins@mccarthy.ca; AKerlin@reedsmith.com; eschaffer@reedsmith.com; ntaylorsmith@millerthomson.com; jcarhart@millerthomson.com; mschein@vedderprice.com; sam.alberts@dentons.com; RGurofsky@blg.com; ICooper@blg.com; howard.gorman@nortonrosefulbright.com; kirk.litvenenko@nortonrosefulbright.com
**Subject:** RE: Fairness hearing

Thanks Chris, having heard nothing further from the service list, we will assume this schedule is final as set out below.

Lara

**Cassels** | **LARA JACKSON**
t: +1 416 860 2907
e: ljackson@cassels.com

**Cassels Brock & Blackwell LLP** | cassels.com
Suite 2100, Scotia Plaza, 40 King St. W.
Toronto, ON M5H 3C2 Canada

**From:** Chris Simard <SimardC@bennettjones.com>
**Sent:** Friday, September 04, 2020 3:03 PM
**To:** Jackson, Lara <ljackson@cassels.com>
**Cc:** Pinos, Timothy <tpinos@cassels.com>; Brent Kraus <KrausB@bennettjones.com>; Denise Brunsdon <BrunsdonD@bennettjones.com>; Kevin Zych <ZychK@bennettjones.com>; Mike Shakra <ShakraM@bennettjones.com>; Adam.Goldberg@lw.com; nacif.taousse@lw.com; Caroline.Reckler@lw.com; jkruger@blg.com; bwiffen@goodmans.ca; rchadwick@goodmans.ca; pcalce@clarkeinc.com; Oliver, Jeffrey <joliver@cassels.com>; Jackson, Lara <ljackson@cassels.com>; dfliman@stroock.com; jstorz@stroock.com; EEnglish@porterhedges.com; EGarfias@porterhedges.com; JHiggins@porterhedges.com; MWebb@porterhedges.com; pgriffin@litigate.com; lthacker@litigate.com; john.salmas@dentons.com; sara.vanallen@dentons.com; scollins@mccarthy.ca; AKerlin@reedsmith.com; eschaffer@reedsmith.com; ntaylorsmith@millerthomson.com; jcarhart@millerthomson.com; mschein@vedderprice.com; sam.alberts@dentons.com; RGurofsky@blg.com; ICooper@blg.com; howard.gorman@nortonrosefulbright.com; kirk.litvenenko@nortonrosefulbright.com
**Subject:** RE: Fairness hearing

Lara and Tim,

Thanks for this proposed schedule. I have made some minor tweaks below. I am copying in the Service List for any input from other parties.

**Chris Simard**
**Bennett Jones LLP**

4500 Bankers Hall East, 855 - 2nd Street SW, Calgary, AB, T2P 4K7
T. 403 298 4485 | F. 403 265 7219
E. simardc@bennettjones.com

**From:** Jackson, Lara <ljackson@cassels.com>
**Sent:** Wednesday, September 2, 2020 10:59 AM
**To:** Chris Simard <SimardC@bennettjones.com>
**Cc:** Pinos, Timothy <tpinos@cassels.com>
**Subject:** FW: Fairness hearing

Chris

We are writing to propose a timetable in connection with the final order fairness hearing. Once we have your agreement we can involved the other supportive parties, or please go ahead and solicit their input. We can have a call to discuss if helpful.

| **Step** | **Deadline** |
|---|---|
| All evidence from Calfrac and Supporting Parties (other than voting results) | September 1~~0~~1 |
| Cross-examinations on Company and Supporting Parties' evidence | September 15 ~~and 16~~ |
| Calfrac supplementary affidavit (as to voting results ~~only~~ and voting/acquisition matters in para. 42 of Interim Order) | September 18 |
| Wilks evidence | September 21 |
| Reply evidence, if any | September 23 |
| Any additional cross-examinations | September 24 |
| Calfrac and Supporting Parties' factums | September 25 |
| Wilks factum | September 28 |
| Reply factum, if any | September 29 |
| Hearing | September 30 |

**From:** Chris Simard <SimardC@bennettjones.com>
**Sent:** Thursday, August 13, 2020 10:41 AM
**To:** Jackson, Lara <ljackson@cassels.com>
**Cc:** Kevin Zych <ZychK@bennettjones.com>; Preet Bell <bellp@bennettjones.com>
**Subject:** RE: Fairness hearing

As I mentioned in court, we can't give an exact date but are hoping to serve our application and evidence prior to the September 17 meetings. Hopefully by September 10 or 11.

When will you serve your Memorandum of Argument for the Court of Appeal application?

Thanks

**Chris Simard**
**Bennett Jones LLP**

4500 Bankers Hall East, 855 - 2nd Street SW, Calgary, AB, T2P 4K7
T. 403 298 4485 | F. 403 265 7219
E. simardc@bennettjones.com

**From:** Jackson, Lara <ljackson@cassels.com>
**Sent:** Thursday, August 13, 2020 5:54 AM
**To:** Chris Simard <SimardC@bennettjones.com>
**Subject:** Fairness hearing

Chris

Please advise when you intend to serve your application materials for the September 30 fairness hearing. You advised during last week's hearing that you will be doing so well in advance and just want to know when to expect them.

Thank you
Lara

Cassels

**LARA JACKSON**
t: +1 416 860 2907
e: ljackson@cassels.com

**Cassels Brock & Blackwell LLP** | **cassels.com**
Suite 2100, Scotia Plaza, 40 King St. W.
Toronto, ON M5H 3C2 Canada

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THIS IS EXHIBIT "I"
Referred to in the Affidavit of
Sherry Nadeau
Sworn before me this 23 day of September, A.D. 2020.
A Commissioner for Oaths in and for Alberta

Robert Hamilton
Barrister & Solicitor

# Cassels

September 10, 2020

**By Email**

Bennett Jones LLP
4500 Bankers Hall East,
855 - 2nd Street SW,
Calgary, AB, T2P 4K7

Attention: Chris Simard

TIMOTHY PINOS
Certified as a Specialist in Civil Litigation
tpinos@casselsbrock.com
tel: 416.869.5784
fax: 416.350.6903
file # 051147

Dear Mr. Simard:

**Re: Calfrac Well Services et al ("Calfrac") Plan of Arrangement Application (the "Application")**

I am writing with reference to this Application, which is scheduled for hearing on September 30, 2020, and the opposition of my client, Wilks Brothers LLC ("**Wilks**") to that Application.

Calfrac and Wilks have agreed to a compressed schedule leading up to the hearing of the Application, including the delivery of your Application material (and that of any supporting parties) tomorrow, cross-examination(s) on September 15, and delivery of Wilks' evidence on September 21.

Wilks requires the production of items of relevant documents in the possession of Calfrac for use on the cross-examination(s) and for the preparation of its evidence. The following is a list of the documents requested.

## I. Information Provided by the Company to Peters & Co Limited ("Peters") and which are listed in the July 13, 2020 Fairness Opinion of Peters

1. Unaudited projected financial statements for the Company on a consolidated basis prepared by management of the Company for the years ending December 31, 2020 through 2021, under various potential financing and recapitalization alternatives, and including projections

See Peters Opinion, July 13, 2020 - Scope of Review, pages 2 to 4.

respecting the liquidity of the Company, and ability of the Company to satisfy material financial covenants.

2. A detailed listing of the Company's capital assets.

3. Notes, materials, documentation and descriptions of discussions between Peters and senior management and directors of the Company relating to the Company's current business, plans, financial

4. Notes, materials, documentation and descriptions of discussions between Peters and management and directors of the Company and the Company's legal and financial advisors relating to efforts by the Company to improve its strategic and financial position.

5. Notes, materials, documentation and descriptions of discussions between Peters and senior management and directors of the Company and the Company's legal and financial advisors relating to the alternatives available to the Company and the consequences of completing or not completing the Recapitalization.

6. Notes, materials, documentation and descriptions of discussions between Peters and the Company's legal counsel regarding various matters relating to the Recapitalization Transaction.

7. Copy of Representations contained in certificates addressed to Peters from certain senior officers and directors of the Company as to the completeness and accuracy of the information upon which the CBCA Opinion is based.

## II. Additional Information Requested

8. Notes, material, documents and descriptions presented to the Board of Calfrac by the Financial Advisors in their "detailed review" of the restructuring plan as referred to at page 18 of the Circular, including but not limited to listed items (a) through (h).

9. Extracts of Board and Independent Committee minutes from April 1, 2020 to date referring to the Recapitalization Transaction, any and all alternative transactions considered, and/or Wilks Brothers LLC.

10. Any other internal presentations and materials prepared for Calfrac's Management and/or Board of Directors related to the Recapitalization Transaction.

11. Current borrowing base calculation, including drawn amounts and projects for those amounts.

12. Budgets/projections prepared during the current fiscal year for each of Calfrac's operating segments, by country.

13. Covenant calculations under the banking arrangement, both current and projected.

14. Detailed calculations and assumptions (including underlying assumptions such as fracturing revenue per job, number of fracturing jobs, active pumping horsepower, idle pumping

horsepower etc.). underlying each category of financial projections, budgets and cash flow forecasts, by geographic segment and country.

15. Most current cash flow forecasts prepared by Calfrac.

16. Calfrac's interim consolidated financial statements as at August 31, 2020 (if not available, provide as at July 30, 2020).

17. Calfrac's most current corporate income tax return(s) and assessments.

18. Detailed calculations and assumptions underlying Calfrac's write-offs of the company's deferred tax assets during 2020.

19. Assumptions underlying the forecast information provided in the July 13, 2020 press release.

20. The Agreement for the Revolving Term Loan Facility

21. Any appraisals and/or valuations of Calfrac, Calfrac's subsidiaries or assets.

22. Calfrac's impairment calculations for the 2020 Second Quarter Interim Report.

23. The following information respecting the M&A alternatives referred to at page 15 of the Circular:

    a. Whether the M&A alternatives included a sale of the Company or a sale of substantially all of the assets of the Company;

    b. The numbers of parties approached or contacted, the number of non-disclosure agreements signed, the number of term sheets received and the number of parties in due diligence; and

    c. Copies of all non-disclosure agreements entered into by Calfrac in this regard.

24. Notes, material, documents and descriptions relating to the alternative considered of a draw on the bank line of credit, and any steps taken to negotiate the amendment of covenants to permit such a draw.

25. A description of the process undertaken to canvass the markets in respect of a 1.5 lien convertible debt offering, including the number of parties approached or contacted, the number of non-disclosure agreements signed, the number of term sheets received and the number of parties in due diligence.

26. Copies of the non-disclosure agreements signed in connection with the 1.5 lien convertible debt offering.

27. A breakdown of the unsecured noteholders who are (a) supporting the Recapitalization Transaction (through support agreements), (b) participating in the committed component of the 1.5 lien convertible debt offering, and (c) a related party to Matco or G2S2

We would ask that this information be provided as soon as possible, and in any event no later than the end of the day tomorrow.

Yours faithfully,

Timothy Pinos
TP/gmc

cc:

THIS IS EXHIBIT "J"
Referred to in the Affidavit of
Sherry Nadeau
Sworn before me this 23 day of September A.D. 2020.
A Commissioner for Oaths in and for Alberta

Robert Hamilton
Barrister & Solicitor

# Cassels

September 14, 2020

**By Email**

Bennett Jones LLP
4500 Bankers Hall East,
855 - 2nd Street SW,
Calgary, AB, T2P 4K7

Attention: Chris Simard

TIMOTHY PINOS
Certified as a Specialist in Civil Litigation

tpinos@casselsbrock.com
tel: 416.869.5784
fax: 416.350.6903
file # 051147

Dear Mr. Simard:

**Re: Calfrac Well Services et al ("Calfrac") Plan of Arrangement Application (the "Application")**

I am writing to follow up with respect to my letter of September 10, 2020 (attached), in which I requested the production of documents relevant to Calfrac's Application. In that letter I requested delivery of the documents requested by September 11, 2020.

To date, I have not received any of the documents requested, or any response to my letter at all. My client requires this information, which is in the possession, power or control of Calfrac, to properly represent its interest in the Application.

I would ask that you deliver the documents requested no later than the end of day on September 16, failing which we will be forced to seek an order of the Court compelling the production of same, a step which will entail unnecessary expense for both your client and mine. I am happy to discuss any of these matters.

Yours faithfully,

Timothy Pinos
TP/gmc

Bennett Jones

Bennett Jones LLP
4500 Bankers Hall East, 855 - 2nd Street SW
Calgary, Alberta, Canada T2P 4K7
Tel: 403.298.3100 Fax: 403.265.7219

**Chris Simard**
Direct Line: 403.298.4485
e-mail: simardc@bennettjones.com
Our File No.: 44609.111

THIS IS EXHIBIT "K"
Referred to in the Affidavit of
Sherry Nadeau
Sworn before me this 23 day of September, A.D. 2020.
A Commissioner for Oaths in and for Alberta
Robert Hamilton Barrister & Solicitor

September 16, 2020

**Via Email**

Mr. Timothy Pinos
Cassels Brock & Blackwell LLP
2100-40 King St W
Toronto, ON M5H 3C2

Dear Mr. Pinos:

**Re: In the Matter of 12178711 Canada Inc., Calfrac Well Services Ltd., et al. – Action No. 2001 - 08434**

I am writing in response to your letters of September 10 and September 14, 2020. In your September 10 letter, you advised that your client "requires the production of items of relevant documents in the possession of Calfrac for use on the cross-examination(s) and for the preparation of its evidence." You then provided a list of 27 document requests, many of which were not requests for specific documents, but instead were requests for broadly-described categories of documents. What your client is seeking is in fact extremely broad discovery of records.

With respect to your request for records discovery prior to cross-examinations, there is no process in the *Alberta Rules of Court* that would permit such a request or obligate our clients to provide such discovery. You are, of course, entitled to cross-examine our affiants, should you choose to do so. If you do, we will fully cooperate to ensure that our affiants attend voluntarily at a mutually convenient time. Our affiants will be fully informed, and will answer all permissible questions, and give all permissible undertakings. That is the process authorized by the *Alberta Rules of Court*.

Your admission that the second purpose of your request for discovery of records is "for the preparation of [your client's] evidence" is perhaps even more troubling. That statement makes it very clear that what your client really desires is to go on a fishing expedition, in which it hopes to discover useful information which it then wishes to use to fashion its own reply evidence. Such a process is completely at odds with the purpose of these CBCA proceedings, and is also not contemplated by the *Alberta Rules of Court* applicable to such proceedings. Your client is entitled to reply to our evidence with its own sworn affidavit, setting out any facts in its knowledge.

Further, even if your client was entitled to the discovery of records in these proceedings, we do not agree that the records you are requesting are relevant and material, and we note that many of the requests actually expressly seek privileged material. We also question the tactical nature of your request (received in an email at 3:57 p.m. on Thursday, September 10 and demanding production of

the long list of records "as soon as possible, and in any event no later than the end of the day [on Friday, September 11]". Our concern about the tactical nature of your client's request has been confirmed in your September 14 letter, in which you have stated that, if our clients do not comply by September 16 with your (inappropriate, unauthorized and unreasonable) demands, your client will "seek an order of the Court compelling the production…". Such a step would add additional cost and delay to these proceedings. It appears that your client therefore intends to use this inappropriate request for records discovery as another means to put pressure on our clients and its other stakeholders. Any such application will be opposed.

For the foregoing reasons, we will not be providing the discovery of records that you have demanded. As noted, our clients will fully and voluntarily comply with the proper process contemplated by the *Alberta Rules of Court* in these proceedings: cross-examinations on their sworn affidavits, including providing responses to any proper undertaking requests.

We trust the foregoing makes our clients' position clear. Should you wish to discuss this matter, please do not hesitate to contact me.

Yours truly,

Chris Simard

CS:dmk
cc: Client

THIS IS EXHIBIT "L"
Referred to in the Affidavit of
Sherry Nadeau
Sworn before me this 23 day of September A.D. 2020.
A Commissioner for Oaths in and for Alberta

Robert Hawkins
Barrister & Solicitor

# Cassels

September 18, 2020

**By Email**

Bennett Jones LLP
4500 Bankers Hall East,
855 - 2nd Street SW,
Calgary, AB, T2P 4K7

Attention: Chris Simard

TIMOTHY PINOS
Certified as a Specialist in Civil Litigation
tpinos@casselsbrock.com
tel: 416.869.5784
fax: 416.350.6903
file # 051147

Dear Mr. Simard:

**Re: Calfrac Well Services et al ("Calfrac") Plan of Arrangement Application (the "Application")**

I am writing further to your letter of September 16, 2020.

It is unfortunate that you characterize our document request as "inappropriate, unauthorized and unreasonable". The request was made in good faith and your response is a misapprehension of the law.

First with respect to authorization, you mistakenly assert that the ability of my client to obtain information from your affiant(s) is limited to questioning and requesting undertakings to produce documents following the questioning. That is not the case. The Alberta Rules of Court provide for the scheduling of questioning via the service of a notice of appointment for questioning which must "describe any records the person is required to bring to the appointment for questioning". Further the Court may resolve any dispute over the records to be produced at the appointment for questioning.

It is also clear that the Court has the power to make an order for production of records prior to a questioning. This power is found in the inherent jurisdiction of a superior court, and foundational rules 1.2 ("court process in a timely and cost-effective way"), 1.4 (power of court to give orders and directions) and 1.7 (application of rules by analogy to any matter not dealt with).

---

Rule 6.16(1)(b).
Rule 6,16(3).

With respect to unreasonableness, the records sought are material and relevant and go directly to the issues which the Court must decide on the Application: whether the plan of arrangement is fair and reasonable, whether the business on emergence would be solvent, and whether the Board discharged its duties and responsibilities to stakeholders. The request cannot be characterized as a fishing expedition, since, as many judges have put it, there is clearly evidence that there are fish there, and a lot of them.

Items 1 through 8 in our request are items recorded by Peters & Co. as having been provided by Calfrac for the purposes of the Peters fairness opinion. That opinion was relied on by the Board in its decision to proceed with the arrangement and is relied upon in the Circular in support of it. That opinion is very much in issue, and elementary fairness and a level playing field would dictate that the informational foundation for the opinion be disclosed.

Likewise, items 8 through 27 of our request deal with the process by which the plan of arrangement was arrived at, a matter specifically referred to in the Circular, and financial matters relevant to both fairness and solvency. The suggestion that privileged information is sought could not be further from the case – the only item potentially engaged is item 6, and since that was disclosed to Peters, any privilege has been waived by that disclosure.

Lastly, with respect to appropriateness, my letter and the requested time frame for response were completely proper. At the time of sending (and before Calfrac unilaterally postponed the shareholder vote and upended a highly compressed schedule), your clients' material was due two days later, and your affiant(s) scheduled for cross-examination four days after that. You knew that when you replied to me. That time frame simply did not permit the niceties of my service of a notice of appointment listing the documents, waiting for your affiant(s) to show up at the questioning without them, and then taking the time to bring an application requiring disclosure. And in the environment of the pandemic, where everything is virtual, such an approach was even more unfeasible.

I attach a draft notice of appointment, containing the list of records which we seek to be produced at the questioning of your affiant(s). Please advise of your position on their production at the questioning no later than 5 pm ET on Monday, September 21. If you agree to produce them at the questioning, I will serve an appointment in that form for the questioning of Mr. Mathison for 5 days later, and at his questioning I will receive the documents and then adjourn the questioning until you serve the remainder of Calfrac's evidence. If you take the position that they will not be produced, we will bring the necessary application under Rule 6.16(3).

---

*Franco v. Hackett* (2000), 2000 ABQB 241 (CanLII),at para. 34

We look forward to hearing from you.

Yours faithfully,

Timothy Pinos
TP/gmc

**Form 29**
[Rules 5.21 and 6.15]

Clerk's Stamp

| | |
|---|---|
| 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<br><br>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 | WILKS BROTHERS, LLC |
| DOCUMENT | **NOTICE OF APPOINTMENT FOR QUESTIONING** |
| ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT | **CASSELS BROCK & BLACKWELL LLP**<br>Suite 1250 Millennium Tower<br>440 – 2nd Avenue SW<br>Calgary, AB T2P 5E9<br><br>**Attention:** **Timothy Pinos / Lara Jackson**<br>Tel: 416.869.7584<br>Fax: 416.350.6903<br>Email: tpinos@cassels.com<br>ljackson@cassels.com |

DRAFT

NOTICE TO: TBD

This notice requires you to attend for questioning.

You must attend at the date, time and place and for the period specified below:

| | |
|---|---|
| DATE: | September 15, 2020 |
| TIME: | 10:00 o'clock in the forenoon |
| PLACE: | Via Webex or equivalent |
| PERIOD OF ATTENDANCE: | TBD |

You must notify the questioning party prior to the date of the appointment regarding any arrangements that are necessary to accommodate your reasonable needs. The questioning party must, to the extent reasonably possible, make arrangements to accommodate those reasonable needs that you identify.

**You must also bring any records described below.**

☐ You are not required to bring any records.

**OR**

☒ You must also bring the following records:

(a) See Schedule "A" attached.

**An allowance that is required to be paid to you for attending as a witness accompanies this notice.**

**The allowance is calculated as follows:**

| | |
|---|---|
| Allowance payable for each day or part of a day necessarily spent by you as a witness: | $50.00 |
| Meals<br>Lunch ($11.60) | $11.60 |
| Accommodation | $N/A |
| Transportation/Parking | $30,00 |
| **TOTAL** | **$91.60** |



**WARNING**

The Court may order a person to attend for questioning, at a date, time and place specified by the Court, if the person

(a) is required to be questioned under the *Alberta Rules of Court*,
(b) was served with a notice of appointment for questioning under the *Alberta Rules of Court*,
(c) was provided with an allowance, determined in accordance with Schedule B [Court Fees and Witness and Other Allowances] of the *Alberta Rules of Court*, if so required by the *Alberta Rules of Court*, and
(d) did not attend the appointment.

The Court may order the person to be questioned to bring records to the questioning that the person could be required to produce at trial.

Schedule “A”

## I. Records Provided by the Company to Peters & Co Limited (“Peters”) and which are listed in the July 13, 2020 Fairness Opinion of Peters[1]

1. Unaudited projected financial statements for the Company on a consolidated basis prepared by management of the Company for the years ending December 31, 2020 through 2021, under various potential financing and recapitalization alternatives, and including projections respecting the liquidity of the Company, and ability of the Company to satisfy material financial covenants.

2. A detailed listing of the Company’s capital assets.

3. Notes, materials, documentation and descriptions of discussions between Peters and senior management and directors of the Company relating to the Company's current business, plans, financial

4. Notes, materials, documentation and descriptions of discussions between Peters and management and directors of the Company and the Company’s legal and financial advisors relating to efforts by the Company to improve its strategic and financial position.

5. Notes, materials, documentation and descriptions of discussions between Peters and senior management and directors of the Company and the Company’s legal and financial advisors relating to the alternatives available to the Company and the consequences of completing or not completing the Recapitalization.

6. Notes, materials, documentation and descriptions of discussions between Peters and the Company’s legal counsel regarding various matters relating to the Recapitalization Transaction.

7. Copy of Representations contained in certificates addressed to Peters from certain senior officers and directors of the Company as to the completeness and accuracy of the information upon which the CBCA Opinion is based.

## II. Additional Records Requested

8. Notes, material, documents and descriptions presented to the Board of Calfrac by the Financial Advisors in their “detailed review” of the restructuring plan as referred to at page 18 of the Circular, including but not limited to listed items (a) through (h).

9. Extracts of Board and Independent Committee minutes from April 1, 2020 to date referring to the Recapitalization Transaction, any and all alternative transactions considered, and/or Wilks Brothers LLC.

10. Any other internal presentations and materials prepared for Calfrac’s Management and/or Board of Directors related to the Recapitalization Transaction.

11. Current borrowing base calculation, including drawn amounts and projects for those amounts.

[1] See Peters Opinion, July 13, 2020 - Scope of Review, pages 2 to 4.

12. Budgets/projections prepared during the current fiscal year for each of Calfrac's operating segments, by country.

13. Covenant calculations under the banking arrangement, both current and projected.

14. Detailed calculations and assumptions (including underlying assumptions such as fracturing revenue per job, number of fracturing jobs, active pumping horsepower, idle pumping horsepower etc.). underlying each category of financial projections, budgets and cash flow forecasts, by geographic segment and country.

15. Most current cash flow forecasts prepared by Calfrac.

16. Calfrac's interim consolidated financial statements as at August 31, 2020 (if not available, provide as at July 30, 2020).

17. Calfrac's most current corporate income tax return(s) and assessments.

18. Detailed calculations and assumptions underlying Calfrac's write-offs of the company's deferred tax assets during 2020.

19. Assumptions underlying the forecast information provided in the July 13, 2020 press release.

20. The Agreement for the Revolving Term Loan Facility

21. Any appraisals and/or valuations of Calfrac, Calfrac's subsidiaries or assets.

22. Calfrac's impairment calculations for the 2020 Second Quarter Interim Report.

23. The following information respecting the M&A alternatives referred to at page 15 of the Circular:

    a. Whether the M&A alternatives included a sale of the Company or a sale of substantially all of the assets of the Company;

    b. The numbers of parties approached or contacted, the number of non-disclosure agreements signed, the number of term sheets received and the number of parties in due diligence; and

    c. Copies of all non-disclosure agreements entered into by Calfrac in this regard.

24. Notes, material, documents and descriptions relating to the alternative considered of a draw on the bank line of credit, and any steps taken to negotiate the amendment of covenants to permit such a draw.

25. A description of the process undertaken to canvass the markets in respect of a 1.5 lien convertible debt offering, including the number of parties approached or contacted, the number of non-disclosure agreements signed, the number of term sheets received and the number of parties in due diligence.

26. Copies of the non-disclosure agreements signed in connection with the 1.5 lien convertible debt offering.

27. A breakdown of the unsecured noteholders who are (a) supporting the Recapitalization Transaction (through support agreements), (b) participating in the committed component of the 1.5 lien convertible debt offering, and (c) a related party to Matco or G2S2

Bennett Jones

Bennett Jones LLP
4500 Bankers Hall East, 855 - 2nd Street SW
Calgary, Alberta, Canada T2P 4K7
Tel: 403.298.3100 Fax: 403.265.7219

**Chris Simard**
Direct Line: 403.298.4485
e-mail: simardc@bennettjones.com
Our File No.: 44609.111

THIS IS EXHIBIT "M"
Referred to in the Affidavit of
Sherry Nadeau
Sworn before me this 23 day of September, A.D. 2020.
A Commissioner for Oaths in and for Alberta

Robert Hamilton
Barrister & Solicitor

September 22, 2020

**Via Email**

Mr. Timothy Pinos
Cassels Brock & Blackwell LLP
2100-40 King St W
Toronto, ON M5H 3C2

Dear Mr. Pinos:

**Re: In the Matter of 12178711 Canada Inc., Calfrac Well Services Ltd., et al. – Action No. 2001 - 08434**

I am writing in response to your letter of September 18, 2020.

We have considered the positions you have described, as to why you believe your client is entitled to discovery of the requested documents. Respectfully, we disagree. We remain of the view that the documents are not producible.

We have also considered the draft Notice of Appointment attached to your letter and your proposal to serve that Notice of Appointment as a method of obtaining discovery of the listed documents, then adjourning the cross-examination of our affiant. We do not believe that procedure would entitle your client to discovery of the listed documents.

We are not prepared to allow this issue to disrupt or delay our clients' application for a Final Order. We believe that it is everyone's interest to efficiently resolve this dispute by bringing it before the Court promptly. As I discussed with Ms. Jackson last week, when we adjourned the full-day hearing that had been booked before Mr. Justice Nixon on September 30, for a full-day hearing of the Final Order application, we preserved the morning hearing time, in case any unforeseen issues arose.

Accordingly, we enclose for service on you our application, returnable before Mr. Justice Nixon at 10:00 a.m. on Wednesday, September 30, 2020. We will serve our supporting affidavit in due course.

Should you wish to discuss this matter, please do not hesitate to contact me.

Yours truly,

Chris Simard

CS:dmk
cc: Client

**FORM 27**
[RULES 6.3 AND 10.52(1)]

CLERK'S STAMP

| | |
|---|---|
| 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<br><br>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 | WILKS BROTHERS, LLC |
| DOCUMENT | **APPLICATION BY THE 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. RE: DOCUMENT PRODUCTION REQUEST** |
| ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT | **BENNETT JONES LLP**<br>Barristers and Solicitors<br>4500, 855 – 2nd Street S.W.<br>Calgary, Alberta T2P 4K7<br>Attention: Chris Simard/Kevin Zych/Justin Lambert<br>Telephone: 403.298.4485/416.777.5738/ |

403.298.3046
Facsimile: 403.298.3100
Client File No.: 44609-111

**NOTICE TO RESPONDENT(S): Wilks Brothers, LLC**

This application is made against you. You are a respondent.
You have the right to state your side of this matter before the master/judge.

To do so, you must be in Court when the application is heard as shown below:

| | |
|---|---|
| Date: | September 30, 2020 |
| Time: | 10:00 a.m. |
| Where: | Calgary Courts Centre, 601 – 5th Street S.W., Calgary<br>(Virtual Courtroom Via Webex) |
| Before: | The Honourable Justice D.B. Nixon |

Go to the end of this document to see what else you can do and when you must do it.

**Remedy claimed or sought:**

1. The Applicants, 12178711 Canada Inc. ("**Calfrac Arrangeco**"), Calfrac Well Services Ltd. ("**Calfrac**"), Calfrac (Canada) Inc. ("**CCI**"), Calfrac Well Services Corp. ("**CWSC**") and Calfrac Holdings LP, by its general partner CCI (each an "**Applicant**" and collectively, the "**Applicants**" or the "**Calfrac Entities**"), seek an Order:

    (a) declaring that Wilks Brothers, LLC ("**Wilks Brothers**") has no right to the production of records by the Applicants in this action, including but not limited to the records demanded in Wilks Brothers' draft Notice of Appointment (the "**Appointment**") dated September 18, 2020 (the "**Requested Records**");

    (b) granting the Applicants their costs of this Application; and

    (c) granting such further or other relief as this Honourable Court may direct.

**Grounds for making this application:**

**The Current Status of this Action**

2. All capitalized terms not otherwise defined herein are intended to bear their meanings as defined in the Mathison Affidavits (as defined below).

3. On July 13, 2020, the Applicants commenced this action (the "**CBCA Proceedings**") by way of Originating Application, seeking the approval of a plan of arrangement pursuant to section 192 of the *Canada Business Corporations Act*, RSC 1985, c. C-44, as amended (the "**CBCA**").

4. In the CBCA Proceedings, this Honourable Court has:

    (a) on July 13, 2020, granted a Preliminary Interim Order which provided, among other things, a stay of proceedings in favour of the Applicants, on the terms set out in the Preliminary Interim Order (the "**Stay Provision**"), to enable the Calfrac Entities to continue to advance the Recapitalization Transaction with its Affected Securityholders;

(b) on July 27, 2020, dismissed the Wilks Brothers' application to amend or vary the Preliminary Interim Order to exempt the Second Lien Noteholders from the Stay Provision (the "**Comeback Application**"); and

(c) on August 7, 2020, granted an Interim Order, authorizing the holding of the Meetings at which Affected Stakeholders will consider and vote on the Arrangement and the Recapitalization Transaction.

5. The Calfrac Entities anticipate making an application to this Honourable Court for a final order, among other things approving the Arrangement and the Recapitalization Transaction (the "**Final Order Application**"). The Final Order Application has not yet been scheduled for hearing, and the Applicants have not yet filed or served their materials for the Final Order Application, including affidavits in support thereof (the "**Final Order Evidence**").

**Background to the Application**

6. As outlined below in greater detail, Wilks Brothers is requesting production from the Applicants of the Requested Records, in advance of the Final Order Application and in advance of any cross-examinations on the Final Order Evidence.

7. Wilks Brothers' request for records production ought to be denied.

8. In addition to the fact that the production request is improper and impermissible, Wilks Brothers is a competitor of Calfrac, an activist investor in Calfrac and is currently advancing a hostile takeover bid for the Common Shares of Calfrac. In the circumstances, production of the requested records to Wilks Brothers would cause serious harm to Calfrac and its stakeholders. Further, the Requested Records are not required for this Honourable Court to assess whether the Arrangement is fair and reasonable, nor to determine the other issues that will be before the Court at the Final Order Application.

**The Wilks Brothers' History of Competition with and Hostility Toward Calfrac**

9. Wilks Brothers owns 100% of Profrac Services, LLC ("**Profrac**"), a direct competitor of Calfrac in the fracturing services markets in the Marcellus basin (out of Smithfield, PA)

and in the Permian basin (Calfrac out of Artesia, NM and Profrac out of Odessa, TX). In Smithfield, PA, Profrac's operating base is across the street from CWSC's operating base.

10. By late 2017, Wilks Brothers had acquired approximately 19.78% of the issued and outstanding Common Shares of Calfrac. By no later than September 13, 2017, Wilks Brothers had self-identified as an activist investor with respect to Calfrac.

11. In early 2018, in the context of Wilks Brothers declaring itself an activist investor with respect to Calfrac, 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.

12. After entering into the NDA, Calfrac provided Wilks Brothers with confidential business information.

13. At Calfrac's 2018 annual meeting of shareholders, Wilks Brothers withheld certain of its votes. Wilks Brothers then issued a press release in which it purported to explain its decision to withhold its votes. In that press release, Wilks Brothers disclosed confidential information in breach of the NDA.

14. Calfrac sued Wilks Brothers for its breach of the NDA and, on May 6, 2019, in *Calfrac Well Services Ltd v Wilks Brothers, LLC,* 2019 ABQB 340, Calfrac was granted summary judgment. This Honourable Court found that Wilks Brothers breached the NDA by issuing the press release. Wilks Brothers did not appeal that decision.

15. Since June 2020, Wilks Brothers and/or its joint actors have acquired:

    (a) approximately 56.1% of the Second Lien Notes, at a total aggregate acquisition cost of $47,167,661.00, or approximately $0.70 per $1.00 of par value; and

    (b) approximately 6.8% of the Senior Unsecured Notes, at an aggregate acquisition cost of US$3,068,627.50, or approximately $0.1043 per $1.00 of par value.

16. On June 22, 2020 and June 30, 2020, Wilks Brothers submitted unsolicited letters of intent to acquire Calfrac's US business and related assets. These unsolicited offers were rejected by Calfrac.

17. After the public announcement of the Arrangement and the Recapitalization Transaction on July 14, 2020, Wilks Brothers publicly announced on August 4, 2020 an "alternative" for Calfrac (the "**Wilks Brothers' Proposal**"). On or about August 17, 2020, Calfrac announced via press release that the Special Committee of the Calfrac Board had completed its review of the Wilks Brothers' Proposal, and had concluded, among other things, that the Wilks Brothers' Proposal:

    (a) was not a "Superior Proposal" as defined in the support agreements entered into between Calfrac and holders of approximately 78% of the Senior Unsecured Notes; and

    (b) could not reasonably be expected to result in a transaction more favourable to Calfrac and its stakeholders (including the Senior Unsecured Noteholders) as it lacked the required level of support from Senior Unsecured Noteholders.

18. Wilks Brothers issued a press release after the close of markets on September 1, 2020, publicly announcing its plans to initiate a hostile takeover of Calfrac by offering $0.18 per share for the Common Shares (the "**Wilks Brothers' Hostile Takeover Bid**").

19. Wilks Brothers has engaged in a persistent press release campaign in criticism of the Recapitalization Transaction and the Arrangement and in the promotion of both the Wilks Brothers' Proposal and the Wilks Brothers' Hostile Takeover Bid. Wilks Brothers has also partially or fully opposed every step taken in this action and in the ancillary proceedings commenced under Chapter 15 of the U.S. Bankruptcy Code, seeking on multiple occasions to derail such proceedings and force Calfrac into insolvency proceedings, which would benefit Wilks Brothers' interests as the recent acquiror of a majority of the Second Lien Notes.

**The Wilks Brothers' Wide-Ranging and Unreasonable Demands for the Production of Records**

20. On September 10, 2020, Wilks Brothers wrote to Calfrac, via counsel, to demand production of the Requested Records one business day later.

21. On September 16, 2020, Calfrac wrote to Wilks Brothers, via counsel, denying Wilks Brothers' entitlement to demand production of the Requested Records.

22. On September 18, 2020, Wilks Brothers wrote to Calfrac, via counsel, to renew its request for production of the Requested Records, by way of the Appointment.

23. The Requested Records comprise a 3-page list of records, sorted into 27 separate items, many of which are requests for very broad categories of records, and most of which could reasonably be expected to result in substantial production if the requests were granted.

24. A copy of the Appointment with attached records requests is appended as **Schedule "A"** to this Application for ease of reference.

**Wilks Brothers' Records Requests are Improper**

25. The records production demanded by Wilks Brothers is improper because, among other things:

    (a) the request is improper under the *Rules of Court*;

    (b) even if Wilks Brothers was entitled to ask for records production by way of a Notice of Appointment for Questioning such as the Appointment, then, among other things:

        (i) the Requested Records are not relevant and material to the issues to be determined by this Honourable Court in the Final Order Application;

        (ii) the production of the Requested Records is unreasonable or unnecessary;

        (iii) certain of the Requested Records are privileged;

        (iv) the production of many of the Requested Records would result in inordinate cost and delay, particularly when that cost and delay is weighed

against the meager benefit (if any) that might be realized from production of the records,

(v) disclosure of the Requested Records to Wilks Brothers, a known competitor of the Calfrac Entities and a party with an avowed intent to acquire the Applicants' U.S. business, by hostile means if necessary, would cause serious harm to the Applicants and their other stakeholders; and

(vi) the public policy rationale underlying plans of arrangement and proceedings like these CBCA Proceedings militates against allowing disgruntled competitors to engage in "fishing expeditions" in an effort to delay or derail approval of a plan of arrangement.

**Material or evidence to be relied on:**

26. The following Affidavits of Ronald P. Mathison:

(a) the Mathison Affidavit No. 1, sworn on July 13, 2020;

(b) the Mathison Affidavit No. 2, sworn on July 30, 2020;

(c) the Supplemental Affidavit to the Mathison Affidavit No. 2, sworn on August 5, 2020; and

(d) the Mathison Affidavit No. 3, to be sworn

(collectively, the "**Mathison Affidavits**").

27. Such further and other material as counsel may advise and this Honourable Court may permit.

**Applicable rules:**

28. Part 6, Division 1 of the *Alberta Rules of Court*.

29. Such further and other authority as counsel may advise and this Honourable Court may permit.

**Applicable Acts and regulations:**

30. Section 192 of the CBCA.

**Any irregularity complained of or objection relied on:**

31. N/A.

**How the application is proposed to be heard or considered:**

32. In person before The Honourable Justice D.B. Nixon.

**WARNING**

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

# SCHEDULE "A"

**Form 29**
[Rules 5.21 and 6.15]

Clerk's Stamp

| | |
|---|---|
| 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<br><br>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 | WILKS BROTHERS, LLC |
| DOCUMENT | **NOTICE OF APPOINTMENT FOR QUESTIONING** |
| ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT | **CASSELS BROCK & BLACKWELL LLP**<br>Suite 1250 Millennium Tower<br>440 – 2nd Avenue SW<br>Calgary, AB T2P 5E9<br><br>**Attention:** **Timothy Pinos / Lara Jackson**<br>Tel: 416.869.7584<br>Fax: 416.350.6903<br>Email: tpinos@cassels.com<br>ljackson@cassels.com |

DRAFT

NOTICE TO: TBD

This notice requires you to attend for questioning.

You must attend at the date, time and place and for the period specified below:

| | |
|---|---|
| DATE: | September 15, 2020 |
| TIME: | 10:00 o'clock in the forenoon |
| PLACE: | Via Webex or equivalent |
| PERIOD OF ATTENDANCE: | TBD |

You must notify the questioning party prior to the date of the appointment regarding any arrangements that are necessary to accommodate your reasonable needs. The questioning party must, to the extent reasonably possible, make arrangements to accommodate those reasonable needs that you identify.

**You must also bring any records described below.**

☐ You are not required to bring any records.

**OR**

☒ You must also bring the following records:

(a) See Schedule "A" attached.

**An allowance that is required to be paid to you for attending as a witness accompanies this notice.**

**The allowance is calculated as follows:**

| | |
|---|---|
| Allowance payable for each day or part of a day necessarily spent by you as a witness: | $50.00 |
| Meals<br>Lunch ($11.60) | $11.60 |
| Accommodation | $N/A |
| Transportation/Parking | $30,00 |
| **TOTAL** | **$91.60** |



**WARNING**

The Court may order a person to attend for questioning, at a date, time and place specified by the Court, if the person

(a) is required to be questioned under the *Alberta Rules of Court*,
(b) was served with a notice of appointment for questioning under the *Alberta Rules of Court*,
(c) was provided with an allowance, determined in accordance with Schedule B [Court Fees and Witness and Other Allowances] of the *Alberta Rules of Court*, if so required by the *Alberta Rules of Court*, and
(d) did not attend the appointment.

The Court may order the person to be questioned to bring records to the questioning that the person could be required to produce at trial.

Schedule “A”

## I. Records Provided by the Company to Peters & Co Limited (“Peters”) and which are listed in the July 13, 2020 Fairness Opinion of Peters[1]

1. Unaudited projected financial statements for the Company on a consolidated basis prepared by management of the Company for the years ending December 31, 2020 through 2021, under various potential financing and recapitalization alternatives, and including projections respecting the liquidity of the Company, and ability of the Company to satisfy material financial covenants.

2. A detailed listing of the Company’s capital assets.

3. Notes, materials, documentation and descriptions of discussions between Peters and senior management and directors of the Company relating to the Company's current business, plans, financial

4. Notes, materials, documentation and descriptions of discussions between Peters and management and directors of the Company and the Company’s legal and financial advisors relating to efforts by the Company to improve its strategic and financial position.

5. Notes, materials, documentation and descriptions of discussions between Peters and senior management and directors of the Company and the Company’s legal and financial advisors relating to the alternatives available to the Company and the consequences of completing or not completing the Recapitalization.

6. Notes, materials, documentation and descriptions of discussions between Peters and the Company’s legal counsel regarding various matters relating to the Recapitalization Transaction.

7. Copy of Representations contained in certificates addressed to Peters from certain senior officers and directors of the Company as to the completeness and accuracy of the information upon which the CBCA Opinion is based.

## II. Additional Records Requested

8. Notes, material, documents and descriptions presented to the Board of Calfrac by the Financial Advisors in their “detailed review” of the restructuring plan as referred to at page 18 of the Circular, including but not limited to listed items (a) through (h).

9. Extracts of Board and Independent Committee minutes from April 1, 2020 to date referring to the Recapitalization Transaction, any and all alternative transactions considered, and/or Wilks Brothers LLC.

10. Any other internal presentations and materials prepared for Calfrac’s Management and/or Board of Directors related to the Recapitalization Transaction.

11. Current borrowing base calculation, including drawn amounts and projects for those amounts.

[1] See Peters Opinion, July 13, 2020 - Scope of Review, pages 2 to 4.

12. Budgets/projections prepared during the current fiscal year for each of Calfrac's operating segments, by country.

13. Covenant calculations under the banking arrangement, both current and projected.

14. Detailed calculations and assumptions (including underlying assumptions such as fracturing revenue per job, number of fracturing jobs, active pumping horsepower, idle pumping horsepower etc.). underlying each category of financial projections, budgets and cash flow forecasts, by geographic segment and country.

15. Most current cash flow forecasts prepared by Calfrac.

16. Calfrac's interim consolidated financial statements as at August 31, 2020 (if not available, provide as at July 30, 2020).

17. Calfrac's most current corporate income tax return(s) and assessments.

18. Detailed calculations and assumptions underlying Calfrac's write-offs of the company's deferred tax assets during 2020.

19. Assumptions underlying the forecast information provided in the July 13, 2020 press release.

20. The Agreement for the Revolving Term Loan Facility

21. Any appraisals and/or valuations of Calfrac, Calfrac's subsidiaries or assets.

22. Calfrac's impairment calculations for the 2020 Second Quarter Interim Report.

23. The following information respecting the M&A alternatives referred to at page 15 of the Circular:

    a. Whether the M&A alternatives included a sale of the Company or a sale of substantially all of the assets of the Company;

    b. The numbers of parties approached or contacted, the number of non-disclosure agreements signed, the number of term sheets received and the number of parties in due diligence; and

    c. Copies of all non-disclosure agreements entered into by Calfrac in this regard.

24. Notes, material, documents and descriptions relating to the alternative considered of a draw on the bank line of credit, and any steps taken to negotiate the amendment of covenants to permit such a draw.

25. A description of the process undertaken to canvass the markets in respect of a 1.5 lien convertible debt offering, including the number of parties approached or contacted, the number of non-disclosure agreements signed, the number of term sheets received and the number of parties in due diligence.

26. Copies of the non-disclosure agreements signed in connection with the 1.5 lien convertible debt offering.

27. A breakdown of the unsecured noteholders who are (a) supporting the Recapitalization Transaction (through support agreements), (b) participating in the committed component of the 1.5 lien convertible debt offering, and (c) a related party to Matco or G2S2