PILLARS OF HIGH PERFORMANCE

Q2 SECOND QUARTER INTERIM REPORT

For the Three and Six Months Ended June 30, 2013

	Three Months Ended June 30,			Six Months Ended June 30,		
	2013	2012	Change	**2013**	2012	Change
(C$000s, except per share and unit data) (unaudited)	**($)**	($)	(%)	**($)**	($)	(%)
Financial						
Revenue	**288,701**	335,780	(14)	**712,098**	809,887	(12)
Operating income [(1)]	**16,307**	29,810	(45)	**78,977**	143,191	(45)
EBITDA [(1)]	**16,235**	18,736	(13)	**81,404**	146,731	(45)
Per share – basic	**0.36**	0.42	(14)	**1.79**	3.33	(46)
Per share – diluted	**0.35**	0.42	(17)	**1.78**	3.29	(46)
Net income (loss) attributable to the shareholders of Calfrac before foreign exchange losses or gains [(2)]	**(14,969)**	(4,294)	(249)	**7,707**	54,971	(86)
Per share – basic	**(0.33)**	(0.10)	(230)	**0.17**	1.25	(86)
Per share – diluted	**(0.33)**	(0.10)	(230)	**0.17**	1.23	(86)
Net income (loss) attributable to the shareholders of Calfrac	**(14,584)**	(11,855)	(23)	**10,061**	58,986	(83)
Per share – basic	**(0.32)**	(0.27)	(19)	**0.22**	1.34	(84)
Per share – diluted	**(0.32)**	(0.27)	(19)	**0.22**	1.32	(83)
Working capital (end of period)	**319,982**	357,128	(10)	**319,982**	357,128	(10)
Total equity (end of period)	**784,247**	747,591	5	**784,247**	747,591	5
Weighted average common shares outstanding (#)						
Basic	**45,616**	44,270	3	**45,392**	44,040	3
Diluted	**45,904**	44,684	3	**45,725**	44,610	3
Operating (end of period)						
Pumping horsepower (000s)				**1,025**	830	23
Coiled tubing units (#)				**29**	29	–
Cementing units (#)				**30**	23	30

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.

(2) Net income (loss) attributable to the shareholders of Calfrac before foreign exchange gains or losses is defined as net income (loss) attributable to the shareholders of Calfrac before foreign exchange gains or losses on an after-tax basis. Management believes that net income attributable to the shareholders of Calfrac before foreign exchange gains or losses is a useful supplemental measure as it provides an indication of the financial results generated by Calfrac without the impact of foreign exchange fluctuations, which are not fully controllable by the Company. Net income attributable to the shareholders of Calfrac before foreign exchange gains or losses is a measure that does not have any standardized meaning prescribed under IFRS and, accordingly, may not be comparable to similar measures used by other companies.

CEO'S MESSAGE

I am pleased to present Calfrac's operating and financial highlights for the three and six months ended June 30, 2013 and to discuss our prospects for the remainder of 2013 and beyond. During the second quarter, the Company:

- had an active quarter in western Canada despite wet weather conditions delaying some planned completions activity until the third quarter of 2013;
- experienced strong equipment utilization in the unconventional natural gas resource plays of the United States;
- commenced fracturing operations in Argentina; and
- experienced further increases in the number of horizontal multi-stage fracturing treatments performed in Mexico and Western Siberia.

FINANCIAL HIGHLIGHTS

For the three months ended June 30, 2013, the Company recorded:

- revenue of $288.7 million, a decrease of 14 percent from the second quarter of 2012, due primarily to lower pricing in Canada and the United States combined with lower activity in Canada due to unseasonably wet weather in western Canada. The decrease was offset partially by higher fracturing activity in the Marcellus and Fayetteville unconventional natural gas shale plays in the United States, increased multi-stage fracturing activity in Russia and the commencement of fracturing operations in Argentina;
- operating income of $16.3 million versus $29.8 million in the same quarter of 2012, due mainly to competitive pricing pressures in Canada and the United States and lower activity in western Canada due to adverse weather conditions; and
- a net loss attributable to shareholders of Calfrac of $14.6 million or $0.32 per share diluted compared to a net loss of $11.9 million or $0.27 per share diluted in the second quarter of 2012, which included a foreign exchange loss of $9.8 million.

For the six months ended June 30, 2013, the Company generated:

- revenue of $712.1 million, a decrease of 12 percent from the first six months of 2012, driven primarily by competitive pricing pressures in Canada and the United States and lower fracturing and coiled tubing activity in the unconventional plays of the Western Canada Sedimentary Basin due to inclement weather during the second quarter, offset partially by higher multi-stage fracturing activity in Western Siberia;
- operating income of $79.0 million versus $143.2 million in the same period of 2012, the decrease of 45 percent being mainly a result of competitive pricing pressures in Canada and the United States, higher transportation costs associated with the completion of larger fracturing jobs in Canada and start-up costs associated with the commencement of fracturing operations in Argentina; and
- net income attributable to shareholders of Calfrac of $10.1 million or $0.22 per share diluted compared to net income of $59.0 million or $1.32 per share diluted in the same period of 2012.

OPERATIONAL HIGHLIGHTS

Canada

During the second quarter of 2013, fracturing and coiled tubing activity in western Canada was significantly affected by unseasonably wet weather which culminated in record flooding in southern Alberta in late June. These conditions severely hampered Calfrac's ability to execute all of its planned projects for the second quarter and, as a result, this work was deferred until the third quarter. Despite this, the Company was very active in the Montney unconventional resource play and completed several large multi-well pad projects in this region.

In the midst of challenging operating conditions in Canada during the second quarter and Calfrac's continued focus on managing its cost structure, the Company assigned a significant number of Canadian field employees to the United States. This served to provide the United States division with experienced field employees during a very active quarter in the Marcellus natural gas resource play.

United States

Calfrac's United States operations sustained the positive momentum generated in the first quarter of 2013 as revenue and operating income both increased on a quarter-over-quarter basis. These improvements were primarily driven by increased equipment utilization in the Marcellus natural gas play and the impact of cost-saving initiatives implemented in late 2012 and early 2013. Equipment and personnel were transferred from Canada during the second quarter to meet the strong customer demand in the Marcellus play. The benefits of the increased activity in this region was offset only partially by lower than expected fracturing activity in the Bakken oil shale play in North Dakota, resulting from a longer than anticipated spring break-up period and similar wet weather to that hampering operations in western Canada. Activity in the Fayetteville shale play met the Company's expectations as its fracturing fleet remained active. Development of the Niobrara play in Colorado continued and Calfrac was active in several projects during the second quarter. While still in the early stages of development, the initial success of the Niobrara oil play provides optimism for increased industry activity in the future.

Russia

Activity in Calfrac's Russian operations during the second quarter of 2013 met expectations as the onset of spring weather provided the environment for increased equipment utilization and lower operating costs. As a result, revenue and operating income increased from the first quarter of 2013. The improvement in equipment utilization was partially due to an increase in the number of horizontal multi-stage completions in Western Siberia. While still in the early stages of development, Calfrac remains optimistic that the adoption of this technology will gain further acceptance and create a driver of future growth in operating and financial performance in Russia.

Latin America

Budget reductions implemented by Calfrac's main customer in Mexico during the second quarter of 2013 significantly decreased activity in that country from the first quarter. The Company responded by rationalizing its operating cost structure while maintaining strong market share in the northern region of Mexico. Some of this work included horizontal multi-stage completions in the Burgos field which were not affected by the budget cutbacks. Calfrac has adjusted its cost structure for the expected level of activity in the short term and, if required, will proactively implement further reductions.

Calfrac's commencement of fracturing operations in Argentina during May 2013 was a major milestone for the Company. The start-up phase has gone exceptionally well and mitigated the impact of the slowdown in Mexico during the second quarter. While most of its initial projects were focused on completions within conventional reservoirs, the Company expects to commence fracturing operations in unconventional plays in the near future. Calfrac believes that the move to unconventional plays could provide the basis for significant growth over the longer term.

In Colombia, challenging market conditions persisted in the second quarter of 2013, resulting in lower than expected equipment utilization and financial performance. Permitting and infrastructure issues remain barriers to greater oilfield activity. The Company expects that these issues will be resolved in the future, but continues to closely manage its operating costs while focusing on expanding its customer base. Calfrac currently operates four cementing units in Colombia and does not intend to deploy any additional equipment until market conditions improve.

OUTLOOK AND BUSINESS PROSPECTS

The Company expects that the strength in North American commodity prices will result in higher oilfield activity in the unconventional resource plays of Canada and the United States during the second half of 2013 and into 2014. This industry trend is anticipated to result in larger multi-well pad designs, longer horizontal legs and greater stimulation intensity. In addition, the use of multi-stage completion technology in horizontal wellbores in Mexico, Argentina and Russia is expected to continue to increase equipment utilization in those markets over the short and long term.

Fracturing and coiled tubing activity in western Canada remains very strong. Calfrac expects that oil-focused activity will remain stable for the remainder of the year with the introduction of higher rate treatments in certain plays, such as the Cardium, driving higher equipment utilization. The development of natural gas for future liquefied natural gas (LNG) export projects is anticipated to drive significant growth for Calfrac. The Company has a strong and active customer base as well as a number of long-term relationships with large customers in the Montney, Deep Basin and Duvernay plays. Calfrac expects that well completion activity will continue to grow in Canada as many of these plays transition from delineation to development. Positive initial production results, particularly with regard to natural gas liquids, provide significant optimism about the future development of the Duvernay play. This resource play represents one of the most capital intensive plays in western Canada and has the potential to materially increase the demand for completion services in western Canada over the longer term. Calfrac is one of the most active service providers in this play and anticipates that its positioning will form the basis for further growth opportunities. Over the longer term, further operational efficiencies are expected to be achieved through the expanded use of 24-hour operations and multi-well pad development.

Looking beyond the Duvernay play, a broader key driver of long-term growth for Calfrac is the emergence of LNG export projects, a number of which have been proposed and some of which have to date received key regulatory approvals. The prepatory activity is expected to increase with the influx of capital from foreign entities and large multi-national companies. As sufficient natural gas production and reserves must be available to support the construction of LNG export facilities and future LNG exports, the related increase in capital investment should provide a significant platform for growth for Calfrac's Canadian operations, as a number of longstanding customers are involved in the associated projects. The Company's leadership position in the development of the Montney, Duvernay and Horn River resource plays is expected to enable it to participate significantly in the development of the natural gas reserves required to support these LNG initiatives. In relation to this trend, Calfrac is pleased to announce that it has entered into a multi-year minimum commitment contract for the provision of three fracturing spreads to Progress Energy Canada Ltd. for its Montney project in northeast British Columbia, and has also executed a right of first call agreement for an additional spread in respect of Progress' non-Montney work. These agreements represent another major milestone in the long-term relationship between Progress and Calfrac, and the Company looks forward to working closely with the Progress team to assist it in the development of its world class assets in the Montney play. In anticipation of securing this contract and to service the growth anticipated in the Canadian marketplace, Calfrac has increased its Canadian horsepower by approximately 34 percent over the past 12-month period, and has been actively securing the additional employee base required to meet the anticipated work commitments under the agreements while continuing to meet the increasing demand for its services with other customers. As a result, Calfrac expects to be able to meet the increased demand for its services with its existing equipment fleet, but will continue to closely monitor market conditions and is well-positioned with its critical suppliers to efficiently augment its previously announced capital budget as may be required in the context of the evolving Canadian market.

The operational improvements that were implemented in the United States in late 2012 and early 2013 resulted in improved financial performance during the first half of 2013 in the midst of very challenging market conditions in some key markets. Calfrac continues to be focused on prudently managing its cost structure and expanding its customer relationships in order to maximize profitability. There continues to be near-term uncertainty as the United States pressure pumping market remains oversupplied. While the Company does not expect market conditions to change significantly in the third quarter, activity may decline in the fourth quarter as producers evaluate their capital budgets. That said, Calfrac believes that the strength in commodity prices may lead to increased activity in the regions where it operates as the Company looks toward 2014 and beyond.

Calfrac remains well-positioned in the United States pressure pumping market. The Company services two of the most active unconventional resource plays in the United States, the Bakken oil shale play in North Dakota and the Marcellus shale natural gas play in Pennsylvania and West Virginia. Calfrac believes that the Marcellus shale play will continue to be a primary region for natural gas development due to its low cost structure and proximity to markets. Calfrac currently operates four fracturing crews in this region and, based on a recent tender award, expects to deploy a fifth crew late in 2013. Due to the Company's strong customer base in the Fayetteville shale play of Arkansas, activity is anticipated to remain stable despite recent reductions in overall oilfield activity in this region. Calfrac's longstanding presence in the Rockies region provides additional growth prospects in the Niobrara oil shale play as many producers have begun using longer reach horizontal wells and greater stimulation intensity with encouraging results.

Calfrac's year-to-date operating and financial results in Russia are consistent with expectations from the 2013 contract tender process. Future growth and improved profitability in this division will be based on the expanded use of new technologies in Western Siberia, such as horizontal drilling and multi-stage completions. The Company believes that there is significant future potential in Russia given the country's position as a leading producer of oil and natural gas. Over the last few quarters, the number of multi-stage fracturing jobs completed in Russia has increased significantly. Consequently, Calfrac expects that this trend will continue to drive demand for its services over the short and long term as Russia's producing sector gains confidence in this completion strategy.

The Company expects the use of multi-stage fracturing technology within horizontal wellbores in Mexico to become more common over the longer term as capital budgets are replenished. The budget constraints introduced by Calfrac's customer in Mexico during the second quarter, however, are expected to curtail the Company's equipment utilization in the third quarter and, potentially, the remainder of the year. In response to these new market conditions, Calfrac reduced its Mexican operating cost structure during the second quarter to align with expected levels of activity. The Company continues to monitor the business environment closely and will take further actions, if required.

With Calfrac's successful entry into the Argentinean fracturing market during the second quarter, the Company believes that it is well-positioned to take advantage of opportunities related to the development of significant unconventional resource plays in that country. Calfrac believes that horizontal drilling combined with multi-stage fracturing will be key to unlocking these resources. As there is very limited in-country capacity to service these emerging unconventional plays, the Company's strategy to lever its longstanding reputation for technical expertise and a strong commitment to safety and service quality is anticipated to provide the foundation for long-term growth in Argentina.

The Colombian oilfield service market remains challenging due to lower than expected industry drilling activity caused by permitting and infrastructure issues. The Company currently operates four cementing units in Colombia and remains focused on expanding its customer base as well as managing its cost structure to improve future financial performance.

In closing, I would like to thank Calfrac's employees for their efforts to assist the communities that were hit by the flooding in southern Alberta at the end of June. Through your hard work and commitment the Company was able to navigate the evacuation of its corporate head office without detrimental effect on its operations. I also want to thank-you for the outstanding job you did illustrating firsthand the volunteerism that sets this region and this company apart through your assistance with preventative sand bagging in Red Deer and Medicine Hat prior to the flooding, and through the operation of pump trucks and the formation of volunteer work crews to assist affected homeowners in Calgary, High River and Medicine Hat in the days following the flooding. The Company recognizes that the rebuild from this disaster will take a great deal of time, and hopes that your efforts and the efforts of the thousands of other volunteers has in some small way assisted in that process.

On behalf of the Board of Directors,

(signed) "Douglas R. Ramsay"

Douglas R. Ramsay
Chief Executive Officer

July 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) for Calfrac Well Services Ltd. ("Calfrac" or the "Company") has been prepared by management as of July 30, 2013 and is a review of the financial condition and results of operations of the Company based on International Financial Reporting Standards (IFRS).

The focus of this MD&A is a comparison of the financial performance for the three and six months ended June 30, 2013 and 2012 and should be read in conjunction with the interim consolidated financial statements for the three and six months ended June 30, 2012, as well as the audited consolidated financial statements and MD&A for the year ended December 31, 2012.

Readers should also refer to the "Forward-Looking Statements" legal advisory at the end of this MD&A. All financial amounts and measures presented are expressed in Canadian dollars unless otherwise indicated. The definitions of certain non-GAAP measures used have been included on pages 9 and 10.

CALFRAC'S BUSINESS

Calfrac is an independent provider of specialized oilfield services in Canada, the United States, Russia, Mexico, Argentina and Colombia, including hydraulic fracturing, coiled tubing, cementing and other well stimulation services.

The Company's reportable business segments during the second quarter of 2013 were as follows:

- The Canadian segment is focused on the provision of fracturing and coiled tubing services to a diverse group of oil and natural gas exploration and production companies operating in Alberta, northeast British Columbia, Saskatchewan and southwest Manitoba. The Company's customer base in Canada ranges from large multi-national public companies to small private companies. At June 30, 2013, Calfrac's Canadian operations had combined hydraulic horsepower of approximately 404,000 and 21 coiled tubing units.

- The United States segment provides pressure pumping services from operating bases in Colorado, Arkansas, Pennsylvania and North Dakota. The Company provides fracturing services to a number of oil and natural gas companies operating in the Bakken oil shale play in North Dakota and Montana, the Piceance Basin of western Colorado, the Uintah Basin of northeast Utah and the Denver-Julesburg Basin centred in eastern Colorado and extending into southeast Wyoming, including the Niobrara oil play of northern Colorado. Calfrac also provides fracturing and cementing services to customers operating in the Marcellus shale natural gas play in Pennsylvania and West Virginia, the Fayetteville natural gas shale play of Arkansas and the Utica shale in Ohio. The Company deployed approximately 501,000 hydraulic horsepower and operated 17 cementing units in its United States segment at June 30, 2013.

- The Company's Russian segment provides fracturing and coiled tubing services in Western Siberia. During the first six months of 2013, the Company operated under a mix of annual and multi-year agreements to provide services to two of Russia's largest oil producers. At June 30, 2013, the Company operated seven deep coiled tubing units and deployed approximately 48,000 hydraulic horsepower forming five fracturing spreads in Russia.

- The Latin America segment provides pressure pumping services from operating bases in Mexico, Argentina and Colombia. The Company provides fracturing services to Mexico's national oil company and other customers operating in the Burgos field of northern Mexico and the Chicontepec field of central Mexico. In Argentina, the Company provides fracturing, cementing and coiled tubing services to a number of oil and natural gas companies. Calfrac also provides cementing services in Colombia. The Company deployed approximately 72,000 hydraulic horsepower, 13 cementing units and one coiled tubing unit in its Latin America segment at June 30, 2013.

CONSOLIDATED HIGHLIGHTS

	Three Months Ended June 30,			Six Months Ended June 30,		
	2013	2012	Change	**2013**	2012	Change
(C$000s, except per share amounts) (unaudited)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**288,701**	335,780	(14)	**712,098**	809,887	(12)
Operating income [1]	**16,307**	29,810	(45)	**78,977**	143,191	(45)
EBITDA [1]	**16,235**	18,736	(13)	**81,404**	146,731	(45)
Per share – basic	**0.36**	0.42	(14)	**1.79**	3.33	(46)
Per share – diluted	**0.35**	0.42	(17)	**1.78**	3.29	(46)
Net income (loss) attributable to the shareholders of Calfrac	**(14,584)**	(11,855)	(23)	**10,061**	58,986	(83)
Per share – basic	**(0.32)**	(0.27)	(19)	**0.22**	1.34	(84)
Per share – diluted	**(0.32)**	(0.27)	(19)	**0.22**	1.32	(83)

As at	**June 30, 2013**	December 31, 2012	Change
(C$000s) (unaudited)	**($)**	($)	(%)
Working capital	**319,982**	322,857	(1)
Total assets	**1,582,018**	1,524,821	4
Long-term debt	**493,083**	441,018	12
Total equity	**784,247**	780,759	–

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.

2013 OVERVIEW

In the second quarter of 2013, the Company:

- generated revenue of $288.7 million, a decrease of 14 percent from the second quarter of 2012, due primarily to lower pricing in Canada and the United States combined with lower activity in Canada due to unseasonably wet weather in western Canada. The decrease was offset partially by higher fracturing activity in the Marcellus and Fayetteville natural gas shale plays, increased multi-stage fracturing activity in Russia and the commencement of fracturing operations in Argentina;
- reported operating income of $16.3 million versus $29.8 million in the same quarter of 2012, due mainly to competitive pricing pressures in Canada and the United States and lower activity in western Canada due to adverse weather conditions;
- reported a net loss attributable to shareholders of Calfrac of $14.6 million or $0.32 per share diluted compared to a net loss of $11.9 million or $0.27 per share diluted in the second quarter of 2012, which included a foreign exchange loss of $9.8 million;
- incurred capital expenditures of $46.6 million, principally related to the Company's fracturing operations in Canada, the United States and Argentina; and
- declared a quarterly dividend of $0.25 per share.

In the six months ended June 30, 2013, the Company:

- generated revenue of $712.1 million, a decrease of 12 percent from the first six months of 2012 driven primarily by competitive pricing pressures in Canada and the United States, plus lower fracturing and coiled tubing activity in the unconventional plays of the Western Canada Sedimentary Basin due to inclement weather during the second quarter, offset partially by higher multi-stage fracturing activity in Western Siberia;
- reported operating income of $79.0 million versus $143.2 million in the same period of 2012, a decrease of 45 percent, mainly as a result of competitive pricing pressures in Canada and the United States, higher transportation costs associated with the completion of larger fracturing jobs in Canada and start-up costs associated with the commencement of fracturing operations in Argentina;
- reported net income attributable to shareholders of Calfrac of $10.1 million or $0.22 per share diluted compared to net income of $59.0 million or $1.32 per share diluted in the same period of 2012; and
- incurred capital expenditures of $90.6 million primarily to bolster the Company's fracturing operations in Canada, the United States and Argentina.

NON-GAAP MEASURES

Certain supplementary measures in this MD&A do not have any standardized meaning as prescribed under IFRS and, therefore, are considered non-GAAP measures. These measures have been described and presented in order to provide shareholders and potential investors with additional information regarding the Company's financial results, 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 further explained as follows:

Operating income (loss) is defined as net income (loss) before depreciation, interest, foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, income taxes and non-controlling interest. Management believes that operating income is a useful supplemental measure as it provides an indication of the financial results generated by Calfrac's business segments prior to consideration of how these segments are financed or taxed. Operating income was calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	**2013**	2012
(C$000s) (unaudited)	**($)**	($)	**($)**	($)
Net (loss) income	**(14,939)**	(11,969)	**9,249**	58,725
Add back (deduct):				
Depreciation	**25,971**	22,272	**50,785**	44,341
Interest	**9,285**	8,982	**18,488**	17,917
Foreign exchange losses (gains)	**86**	9,786	**(2,293)**	(4,084)
(Gain) loss on disposal of property, plant and equipment	**(14)**	1,288	**(134)**	544
Income taxes	**(4,082)**	(549)	**2,882**	25,748
Operating income	**16,307**	29,810	**78,977**	143,191

EBITDA is defined as net income (loss) before interest, income taxes, depreciation and amortization. EBITDA is presented because it is frequently used by securities analysts and others for evaluating companies and their ability to service debt. EBITDA was calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	**2013**	2012
(C$000s) (unaudited)	**($)**	($)	**($)**	($)
Net (loss) income	**(14,939)**	(11,969)	**9,249**	58,725
Add back (deduct):				
Depreciation	**25,971**	22,272	**50,785**	44,341
Interest	**9,285**	8,982	**18,488**	17,917
Income taxes	**(4,082)**	(549)	**2,882**	25,748
EBITDA	**16,235**	18,736	**81,404**	146,731

FINANCIAL OVERVIEW – THREE MONTHS ENDED JUNE 30, 2013 VERSUS 2012

Canada

Three Months Ended June 30,	**2013**	2012	Change
(C$000s, except operational information) (unaudited)	**($)**	($)	(%)
Revenue	**80,719**	104,720	(23)
Expenses			
Operating	**74,751**	95,083	(21)
Selling, General and Administrative (SG&A)	**3,932**	3,808	3
	78,683	98,891	(20)
Operating income [(1)]	**2,036**	5,829	(65)
Operating income (%)	**2.5%**	5.6%	(55)
Fracturing revenue per job ($)	**195,191**	185,377	5
Number of fracturing jobs	**402**	512	(21)
Pumping horsepower, end of period (000s)	**404**	302	34
Coiled tubing revenue per job ($)	**27,128**	36,594	(26)
Number of coiled tubing jobs	**83**	268	(69)
Coiled tubing units, end of period (#)	**21**	21	–

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.

Revenue

Revenue from Calfrac's Canadian operations during the second quarter of 2013 was $80.7 million versus $104.7 million in the comparable three-month period of 2012. The 23 percent decrease in revenue was primarily due to no fracturing and coiled tubing activity in the Horn River area of northeast British Columbia combined with a more competitive pricing environment offset partially by the completion of larger fracturing jobs. During the second quarter of 2012, a significant Horn River project was completed, but the Company had no activity in that region in 2013. In addition, extremely wet weather in June in western Canada, specifically in southern and central Alberta, delayed planned completion projects until the third quarter contributing to the decrease in fracturing activity.

Operating Income

Operating income in Canada decreased by 65 percent to $2.0 million during the second quarter of 2013 from $5.8 million in the same period of 2012 due to a more competitive pricing environment, combined with lower overall equipment utilization.

United States

Three Months Ended June 30,	**2013**	2012	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**146,275**	175,136	(16)
Expenses			
Operating	**116,916**	136,795	(15)
SG&A	**4,184**	5,478	(24)
	121,100	142,273	(15)
Operating income [1]	**25,175**	32,863	(23)
Operating income (%)	**17.2%**	18.8%	(9)
Fracturing revenue per job ($)	**61,649**	76,187	(19)
Number of fracturing jobs	**2,254**	2,207	2
Pumping horsepower, end of period (000s)	**501**	456	10
Coiled tubing units, end of period (#)	**–**	1	(100)
Cementing revenue per job ($)	**32,670**	33,149	(1)
Number of cementing jobs	**224**	157	43
Cementing units, end of period (#)	**17**	11	55
US$/C$ average exchange rate [2]	**1.0233**	1.0104	1

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.
(2) Source: Bank of Canada.

Revenue

Revenue from Calfrac's United States operations decreased during the second quarter of 2013 to $146.3 million from $175.1 million in the comparable quarter of 2012. The decrease was due primarily to competitive pricing pressures in the United States market and the completion of smaller fracturing jobs in the Bakken play of North Dakota, offset partially by higher fracturing and cementing activity. Fracturing activity in the Marcellus and Fayetteville shale plays was significantly higher in the second quarter of 2013 than in the same period in 2012. This increase was offset partially by lower activity in the Bakken oil shale play of North Dakota, due to a longer than expected spring break-up period and unseasonably wet weather similar to that in western Canada.

Operating Income

Operating income in the United States was $25.2 million for the second quarter of 2013, a decrease of 23 percent from the comparative period in 2012 primarily due to lower overall revenue. The decrease in operating income was limited by reductions in labour and maintenance expenses resulting from cost-saving initiatives implemented by the Company in late 2012 and early 2013, combined with supply chain and logistical improvements and declines in the cost of certain materials such as guar.

Russia

Three Months Ended June 30,	**2013**	2012	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**37,305**	29,244	28
Expenses			
Operating	**32,259**	26,070	24
SG&A	**1,689**	1,402	20
	33,948	27,472	24
Operating income [(1)]	**3,357**	1,772	89
Operating income (%)	**9.0%**	6.1%	48
Fracturing revenue per job ($)	**98,337**	89,026	10
Number of fracturing jobs	**312**	223	40
Pumping horsepower, end of period (000s)	**48**	45	7
Coiled tubing revenue per job ($)	**52,158**	58,699	(11)
Number of coiled tubing jobs	**127**	160	(21)
Coiled tubing units, end of period (#)	**7**	6	17
Rouble/C$ average exchange rate [(2)]	**0.0323**	0.0329	(2)

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.
(2) Source: Bank of Canada.

Revenue

During the second quarter of 2013, the Company's revenue from Russian operations increased by 28 percent to $37.3 million from $29.2 million in the corresponding quarter of 2012. The increase in revenue was mainly due to an increased demand for horizontal multi-stage fracturing operations in Western Siberia. During the second quarter, approximately 30 percent of Calfrac's total Russian fracturing activity was related to multi-stage well completions compared to no activity in the comparable period of 2012. The increase in revenue was partially offset by lower coiled tubing activity resulting from the increased use of multi-stage fracturing completions, which reduced the requirements for coiled tubing operations, combined with a decrease in coiled tubing job sizes.

Operating Income

Operating income in Russia in the second quarter of 2013 was $3.4 million compared to $1.8 million in the corresponding period of 2012. The increase in operating income was primarily due to operational efficiencies resulting from higher fracturing equipment utilization and higher overall revenue.

Latin America

Three Months Ended June 30,	**2013**	2012	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**24,402**	26,680	(9)
Expenses			
Operating	**23,898**	24,001	–
SG&A	**1,470**	1,449	1
	25,368	25,450	–
Operating (loss) income [1]	**(966)**	1,230	(179)
Operating (loss) income (%)	**-4.0%**	4.6%	(187)
Pumping horsepower, end of period (000s)	**72**	27	167
Cementing units, end of period (#)	**13**	11	18
Coiled tubing units, end of period (#)	**1**	1	–
Mexican peso/C$ average exchange rate [2]	**0.0820**	0.0747	10
Argentinean peso/C$ average exchange rate [2]	**0.1953**	0.2272	(14)

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.
(2) Source: Bank of Canada.

Revenue

Calfrac's operations in Latin America generated total revenue of $24.4 million during the second quarter of 2013 versus $26.7 million in the comparable three-month period in 2012. The decrease in revenue was due to lower fracturing activity in the Chicontepec field in Mexico resulting from customer budget reductions, and was partially offset by the commencement of fracturing operations in Argentina combined with higher cementing and coiled tubing activity and the completion of larger cementing jobs in Argentina. Lower activity in Colombia also contributed to the year-over-year decrease in revenue.

Operating (Loss) Income

Calfrac's Latin America division incurred an operating loss of $1.0 million during the second quarter of 2013 compared to operating income of $1.2 million in the comparative quarter in 2012. The decrease in operating income was primarily due to lower equipment utilization in Mexico.

Corporate

Three Months Ended June 30,	**2013**	2012	Change
(C$000s) (unaudited)	**($)**	($)	(%)
Expenses			
Operating	**2,567**	2,482	3
SG&A	**10,728**	9,402	14
	13,295	11,884	12
Operating loss [1]	**(13,295)**	(11,884)	12
% of revenue	**4.6%**	3.5%	31

[1] Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.

Operating Loss

The 12 percent increase in corporate expenses in the second quarter of 2013 over the same period in 2012 was mainly due to higher stock-based compensation expenses of $1.0 million resulting from additional restricted share units granted and a higher stock price in 2013. The increase was offset partially by lower professional fees.

Depreciation

For the three months ended June 30, 2013, depreciation expense increased by 17 percent to $26.0 million from $22.3 million in the corresponding quarter of 2012. The increase in depreciation expense was mainly a result of a larger equipment fleet operating in North America and Argentina.

Foreign Exchange Gains or Losses

The Company recorded a foreign exchange loss of $0.1 million during the second quarter of 2013 versus a $9.8 million loss in the comparable period in 2012. Foreign exchange gains and losses arise primarily from the translation of net monetary assets or liabilities that were held in United States dollars in Canada, Russia and Latin America. The Company's foreign exchange loss recorded in the quarter was largely attributable to the translation of United States dollar-denominated liabilities in Russia and Mexico offset partially by the translation of United States dollar-denominated assets in Canada. The value of the United States dollar appreciated against the Russian rouble and Mexican peso during the second quarter, which resulted in a foreign exchange loss related to these net monetary positions. The foreign exchange loss was offset by the foreign exchange gain associated with the net monetary asset position in Canada as the United States dollar appreciated against the Canadian dollar during the quarter.

Interest

The Company's interest expense during the second quarter of 2013 was $9.3 million versus $9.0 million for the comparable period in 2012. The increase was related to additional short-term borrowing in Latin America and a draw on Calfrac's revolving credit facilities during the second quarter of 2013.

Income Tax Expenses

The Company recorded an income tax recovery of $4.1 million during the second quarter of 2013 versus a recovery of $0.5 million in the comparable period of 2012. The decrease in total income tax expense was primarily due to lower profitability in the United States. The effective income tax recovery rate for 2013 was 21 percent compared to 4 percent in 2012. The higher effective recovery rate for the second quarter of 2013 was primarily due to larger tax losses in Canada combined with a lower percentage of taxable income in the United States, which has a higher average statutory tax rate.

SUMMARY OF QUARTERLY RESULTS

Three Months Ended	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	June 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31, 2013	**June 30, 2013**
(unaudited)	($)	($)	($)	($)	($)	($)	($)	**($)**
Financial (C$000s, except per share and operating data)								
Revenue	440,491	490,037	474,107	335,780	417,842	367,487	423,397	**288,701**
Operating income [1]	126,527	150,364	113,381	29,810	70,604	43,218	62,670	**16,307**
EBITDA [1]	102,042	149,146	127,995	18,736	70,874	46,866	65,169	**16,235**
Per share – basic	2.33	3.40	2.92	0.42	1.59	1.05	1.44	**0.36**
Per share – diluted	2.30	3.38	2.87	0.42	1.58	1.04	1.43	**0.35**
Net income (loss) attributable to shareholders of Calfrac	47,381	78,921	70,841	(11,855)	26,917	11,243	24,645	**(14,584)**
Per share – basic	1.08	1.80	1.62	(0.27)	0.60	0.25	0.55	**(0.32)**
Per share – diluted	1.07	1.79	1.59	(0.27)	0.60	0.25	0.54	**(0.32)**
Capital expenditures	85,130	101,008	84,075	75,286	63,962	55,694	43,989	**46,618**
Working capital (end of period)	375,823	398,526	431,053	357,128	353,182	322,857	332,241	**319,982**
Total equity (end of period)	632,889	700,569	779,426	747,591	783,091	780,759	802,581	**784,247**
Operating (end of period)								
Pumping horsepower (000s)	656	719	782	830	845	977	1,013	**1,025**
Coiled tubing units (#)	29	29	29	29	29	29	29	**29**
Cementing units (#)	23	23	23	23	25	26	28	**30**

[1] Refer to "Non-GAAP Measures" on pages 9 and 10 for further information

Seasonality of Operations

The Company's Canadian and United States businesses are seasonal. The lowest activity is typically experienced during the second quarter of the year when road-weight restrictions are in place due to spring break-up conditions and access to well sites in Canada and North Dakota is reduced (refer to "Business Risks – Seasonality" in the Company's 2012 Annual Report).

Foreign Exchange Fluctuations

The Company's consolidated financial statements are reported in Canadian dollars. Accordingly, the quarterly results are directly affected by fluctuations in the United States, Russian, Mexican, Argentinean and Colombian currency exchange rates (refer to "Business Risks – Fluctuations in Foreign Exchange Rates" in the Company's 2012 Annual Report).

FINANCIAL OVERVIEW – SIX MONTHS ENDED JUNE 30, 2013 VERSUS 2012

Canada

Six Months Ended June 30,	**2013**	2012	Change
(C$000s, except operational information) (unaudited)	**($)**	($)	(%)
Revenue	**312,295**	330,544	(6)
Expenses			
Operating	**246,546**	239,356	3
SG&A	**7,802**	8,027	(3)
	254,348	247,383	3
Operating income [1]	**57,947**	83,161	(30)
Operating income (%)	**18.6%**	25.2%	(26)
Fracturing revenue per job ($)	**215,011**	195,118	10
Number of fracturing jobs	**1,384**	1,549	(11)
Pumping horsepower, end of period (000s)	**404**	302	34
Coiled tubing revenue per job ($)	**24,371**	32,276	(24)
Number of coiled tubing jobs	**604**	877	(31)
Coiled tubing units, end of period (#)	**21**	21	–

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.

Revenue

Revenue from Calfrac's Canadian operations during the first six months of 2013 was $312.3 million versus $330.5 million in the comparable period of 2012. The 6 percent decrease in revenue was primarily due to competitive pricing pressures as well as no fracturing and coiled tubing activity in the Horn River area of northeast British Columbia during the second quarter of 2013. In addition, extremely wet weather in western Canada during June delayed planned completion projects until the third quarter of 2013.

Operating Income

Operating income in Canada decreased by 30 percent to $57.9 million during the first six months of 2013 from $83.2 million in the same period of 2012. The decrease in Canadian operating income was primarily due to a more competitive pricing environment combined with higher logistical costs in the first quarter of 2013 associated with the completion of larger fracturing jobs and longer average travel distances to well sites in the unconventional oil and natural gas resource plays of western Canada. In addition, there was no activity in the Horn River region during the second quarter of 2013 whereas a significant project was completed during the comparable period of 2012.

United States

Six Months Ended June 30,	2013	2012	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**273,285**	370,035	(26)
Expenses			
Operating	**220,765**	282,591	(22)
SG&A	**9,306**	10,477	(11)
	230,071	293,068	(21)
Operating income [1]	**43,214**	76,967	(44)
Operating income (%)	**15.8%**	20.8%	(24)
Fracturing revenue per job ($)	**58,418**	79,237	(26)
Number of fracturing jobs	**4,438**	4,488	(1)
Pumping horsepower, end of period (000s)	**501**	456	10
Coiled tubing units, end of period (#)	**–**	1	(100)
Cementing revenue per job ($)	**32,539**	31,696	3
Number of cementing jobs	**431**	328	31
Cementing units, end of period (#)	**17**	11	55
US$/C$ average exchange rate [2]	**1.0156**	1.0058	1

[1] Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.
[2] Source: Bank of Canada.

Revenue

Revenue from Calfrac's United States operations during the first six months of 2013 decreased to $273.3 million from $370.0 million in the comparable period of 2012. The decrease was due primarily to competitive pricing pressures in the United States market combined with lower fracturing activity and the completion of smaller fracturing jobs in the Bakken shale play of North Dakota. The decrease was partially offset by higher activity in the Marcellus and Fayetteville shale natural gas plays.

Operating Income

Operating income in the United States was $43.2 million for the six months ended June 30, 2013 compared to $77.0 million in the first six months of 2012. The decrease in operating income was primarily due to competitive pricing pressures and lower fracturing equipment utilization in the unconventional natural gas plays of the United States during the first quarter of 2013. The decrease in operating income was mitigated by reductions in labour and maintenance expenses resulting from cost-saving initiatives implemented by the Company in late 2012 and early 2013, combined with supply chain and logistical improvements and declines in the cost of certain key materials such as guar.

Russia

Six Months Ended June 30,	**2013**	2012	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**74,466**	57,341	30
Expenses			
Operating	**65,836**	51,210	29
SG&A	**3,283**	2,805	17
	69,119	54,015	28
Operating income [1]	**5,347**	3,326	61
Operating income (%)	**7.2%**	5.8%	24
Fracturing revenue per job ($)	**102,013**	93,492	9
Number of fracturing jobs	**587**	407	44
Pumping horsepower, end of period (000s)	**48**	45	7
Coiled tubing revenue per job ($)	**56,746**	58,454	(3)
Number of coiled tubing jobs	**257**	330	(22)
Coiled tubing units, end of period (#)	**7**	6	17
Rouble/C$ average exchange rate [2]	**0.0327**	0.0325	1

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.
(2) Source: Bank of Canada.

Revenue

During the first six months of 2013, the Company's revenue from Russian operations increased by 30 percent to $74.5 million from $57.3 million in the corresponding period of 2012. The increase in revenue was mainly due to higher fracturing activity as a result of the successful introduction of multi-stage fracturing programs in 2013 and larger conventional fracturing job sizes. Coiled tubing activity declined as a result of the increased use of multi-stage fracturing operations, which reduced the requirements for coiled tubing operations, combined with a decrease in coiled tubing job sizes.

Operating Income

Operating income in Russia in the first six months of 2013 was $5.3 million compared to $3.3 million in the corresponding period of 2012. The increase in operating income was primarily a result of operational efficiencies associated with multi-stage fracturing jobs forming a larger proportion of total activity in 2013.

Latin America

Six Months Ended June 30,	**2013**	2012	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**52,052**	51,967	–
Expenses			
Operating	**49,064**	45,355	8
SG&A	**2,802**	2,864	(2)
	51,866	48,219	8
Operating income [(1)]	**186**	3,748	(95)
Operating income (%)	**0.4%**	7.2%	(94)
Pumping horsepower, end of period (000s)	**72**	27	167
Cementing units, end of period (#)	**13**	11	18
Coiled tubing units, end of period (#)	**1**	1	–
Mexican peso/C$ average exchange rate [(2)]	**0.0809**	0.0759	7
Argentinean peso/C$ average exchange rate [(2)]	**0.1982**	0.2290	(13)

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.
(2) Source: Bank of Canada.

Revenue

Calfrac's Latin American operations generated total revenue of $52.1 million during the first six months of 2013, virtually unchanged from $52.0 million in the comparable period in 2012. Revenue for the six months ended June 30, 2013 increased due to the commencement of fracturing activity in Argentina combined with higher cementing and coiled tubing activity in that country. The increase was offset by lower fracturing activity in the Chicontepec field in Mexico resulting from customer budget constraints and lower activity in Colombia as a result of infrastructure and permitting issues.

Operating Income

For the six months ended June 30, 2013, Calfrac's Latin America division generated operating income of $0.2 million compared to $3.8 million in the comparative period in 2012. The decrease in operating income was primarily due to lower equipment utilization in Mexico and start-up costs associated with the commencement of fracturing activity in Argentina.

Corporate

Six Months Ended June 30,	**2013**	2012	Change
(C$000s) (unaudited)	**($)**	($)	(%)
Expenses			
Operating	**4,777**	4,662	2
SG&A	**22,940**	19,349	19
	27,717	24,011	15
Operating loss [(1)]	**(27,717)**	(24,011)	15
% of Revenue	**3.9%**	3.0%	30

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.

Operating Loss

The 15 percent increase in corporate expenses for the six months ended June 30, 2013 over the comparative period in 2012 was mainly due to a $2.6 million increase in stock-based compensation expenses resulting from additional restricted share units granted and a higher stock price in 2013, as well as higher occupancy costs. The increase was offset partially by lower professional fees.

Depreciation

For the six months ended June 30, 2013, depreciation expense increased by 15 percent to $50.8 million from $44.3 million in the corresponding period of 2012. The increase is mainly a result of a larger fleet of equipment operating in North America and Argentina.

Foreign Exchange Gains or Losses

The Company recorded a foreign exchange gain of $2.3 million during the first six months of 2013 versus a $4.1 million gain in the comparative period of 2012. Foreign exchange gains and losses arise primarily from the translation of net monetary assets or liabilities that were held in United States dollars in Canada, Russia and Latin America. The majority of the Company's foreign exchange gain recorded in the first six months of 2013 was attributable to the net U.S. dollar denominated asset position in Canada as the U.S. dollar appreciated by six percent against the Canadian dollar during this period. This gain was partially offset by the impact of the eight percent appreciation of the U.S. dollar versus the Russian rouble related to the Company's U.S. dollar debt in that country.

Interest

The Company's interest expense during the first six months of 2013 increased from the comparable period of 2012 by $0.6 million to $18.5 million. The increase was related to additional short-term borrowing in Latin America and a draw on Calfrac's revolving credit facility during the second quarter.

Income Tax Expenses

The Company recorded an income tax expense of $2.9 million during the first six months of 2013 compared to income tax expense of $25.7 million in the comparable period of 2012. The effective income tax rate for the six-month period ended June 30, 2013 was 24 percent compared to 30 percent in 2012. The lower effective tax rate for the first six months of 2013 was primarily due to a lower percentage of taxable income in the United States, which has a higher average statutory tax rate.

LIQUIDITY AND CAPITAL RESOURCES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	**2013**	2012
(C$000s) (unaudited)	**($)**	($)	**($)**	($)
Cash flows provided by (used in):				
Operating activities	**3,400**	90,363	**44,902**	174,439
Financing activities	**24,587**	1,101	**41,472**	8,159
Investing activities	**(44,720)**	(74,732)	**(104,374)**	(149,475)
Effect of exchange rate changes on cash and cash equivalents	**465**	(1,400)	**6,462**	465
Increase (decrease) in cash and cash equivalents	**(16,268)**	15,332	**(11,538)**	33,588

Operating Activities

The Company's cash provided by operating activities for the six months ended June 30, 2013 was $44.9 million versus $174.4 million in the comparable period of 2012. The decrease was primarily due to a decline in operating margins in Canada and the United States and slower accounts receivable collections in Mexico. At June 30, 2013, Calfrac's working capital was approximately $320.0 million, a decrease of 1 percent from December 31, 2012. The Company had a receivable of US$55.0 million at June 30, 2013 with a customer operating in Mexico that has been outstanding for greater than 120 days, for which no provision has been made. The payment delay is consistent with the situation of many other oilfield service companies in this market. Collection of the full amount is expected by the end of the year, although the timing is uncertain.

Financing Activities

Cash flow provided by financing activities during the first six months of 2013 was $41.5 million compared to $8.2 million in the comparable 2012 period. During the first six months of 2013, the Company made a $25.9 million draw on its credit facility, received bank loan proceeds of $12.5 million in Argentina, issued $12.2 million of Calfrac common shares, paid dividends of $8.3 million and repaid $0.7 million of finance lease obligations.

On October 10, 2012, the Company increased its credit facilities with a syndicate of Canadian chartered banks from $250.0 million to $300.0 million and extended the term to September 27, 2016. The maturity may be extended by one or more years at the Company's request and lenders' acceptance. The Company also may prepay principal without penalty. The facilities consist of an operating facility of $20.0 million and a syndicated facility of $280.0 million. The interest rates are based on the parameters of certain bank covenants. For Canadian prime rate loans and U.S. base rate loans, the rate ranges from 0.50 percent to 1.25 percent above the respective base rates for such loans. For LIBOR-based loans and bankers' acceptance-based loans, the margin thereon ranges from 1.50 percent to 2.25 percent above the respective base rates for such loans. As at June 30, 2013, the Company had drawn $26.3 million on its syndicated facility and used $17.9 million of its credit facilities for letters of credit, leaving $255.8 million in available credit.

Calfrac pays quarterly dividends to shareholders at the discretion of the Board of Directors, which qualify as "eligible dividends" as defined by the Canada Revenue Agency. In February 2012, the Company increased its semi-annual cash dividend from $0.10 to $0.50 per share, beginning with the dividend paid on July 16, 2012, thereby increasing the annualized dividend to $1.00 per share beginning in 2012. In December 2012, the Company announced that it would pay dividends quarterly instead of semi-annually commencing with a $0.25 dividend that was declared in the first quarter of 2013. In June 2013, Calfrac declared a $0.25 dividend that was paid on July 15.

Investing Activities

Calfrac's net cash used for investing activities was $104.4 million for the first six months of 2013 versus $149.5 million for the comparative period in 2012. Cash outflows relating to capital expenditures were $105.3 million during the period compared to $150.7 million in 2012. Capital expenditures were primarily to support the Company's Canadian, United States and Argentinean fracturing operations.

Calfrac's 2013 capital budget is projected to be $74.0 million, of which $25.0 million will be directed towards growing its Latin America operations, including an investment in coiled tubing and fracturing equipment. The remaining capital program will focus on maintenance and support capital and further investment in logistics equipment. In addition to the 2013 capital program outlined above, Calfrac expects that the carry-over of approximately $107.0 million related to its 2012 capital program will be completed in 2013.

Effect of Exchange Rate Changes on Cash and Cash Equivalents

The effect of changes in foreign exchange rates on the Company's cash and cash equivalents during the first six months of 2013 was a gain of $6.5 million versus a gain of $0.5 million during 2012. These gains relate to cash and cash equivalents held by the Company in a foreign currency.

With its strong working capital position, available credit facilities and anticipated funds provided by operations, the Company expects to have adequate resources to fund its financial obligations and planned capital expenditures for 2013 and beyond.

At June 30, 2013, the Company had cash and cash equivalents of $30.9 million.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares. Employees have been granted options to purchase common shares under the Company's shareholder-approved stock option plan. The number of shares reserved for issuance under the stock option plan is equal to a maximum of 10 percent of the Company's issued and outstanding common shares. As at July 26, 2013, there were 46,016,096 common shares issued and outstanding, and 2,747,375 options to purchase common shares.

The Company has a Dividend Reinvestment Plan (DRIP) that allows shareholders to direct cash dividends paid on all or a portion of their common shares to be reinvested in additional common shares that will be issued at 95 percent of the volume-weighted average price of the common shares traded on the Toronto Stock Exchange (TSX) during the last five trading days preceding the relevant dividend payment date.

Normal Course Issuer Bid

On November 1, 2012, the Company filed a Notice of Intention (the "Renewal Notice") to renew its Normal Course Issuer Bid (the "Renewed NCIB") with the TSX. Under the Renewed NCIB, the Company may acquire up to 3,318,738 common shares, which was 10 percent of the public float outstanding as at October 31, 2012, during the period November 12, 2012 through November 11, 2013. The maximum number of common shares that may be acquired by the Company during a trading day is 44,254, with the exception that the Company is allowed to make one block purchase of common shares per calendar week that exceeds such limit. All purchases of common shares will be made through the TSX, alternative trading systems or such other exchanges or marketplaces through which the common shares trade from time to time at the market price of the shares at the time of acquisition. Any shares acquired under the Renewed NCIB will be cancelled. The Company did not purchase any shares under the Renewed NCIB during the first six months of 2013. A copy of the Renewal Notice may be obtained by any shareholder, without charge, by contacting the Company's Corporate Secretary at 411 – 8th Avenue S.W., Calgary, Alberta, T2P 1E3, or by telephone at 403-266-6000.

OUTLOOK

The Company expects that the strength in North American commodity prices will result in higher oilfield activity in the unconventional resource plays of Canada and the United States during the second half of 2013 and into 2014. This industry trend is anticipated to result in larger multi-well pad designs, longer horizontal legs and greater stimulation intensity. In addition, the use of multi-stage completion technology in horizontal wellbores in Mexico, Argentina and Russia is expected to continue to increase equipment utilization in those markets over the short and long term.

Fracturing and coiled tubing activity in western Canada remains very strong. Calfrac expects that oil-focused activity will remain stable for the remainder of the year with the introduction of higher rate treatments in certain plays, such as the Cardium, driving higher equipment utilization. The development of natural gas for future liquefied natural gas (LNG) export projects is anticipated to drive significant growth for Calfrac. The Company has a strong and active customer base as well as a number of long-term relationships with large customers in the Montney, Deep Basin and Duvernay plays. Calfrac expects that well completion activity will continue to grow in Canada as many of these plays transition from delineation to development. Positive initial production results, particularly with regard to natural gas liquids, provide significant optimism about the future development of the Duvernay play. This resource play represents one of the most capital intensive plays in western Canada and has the potential to materially increase the demand for completion services in western Canada over the longer term. Calfrac is one of the most active service providers in this play and anticipates that its positioning will form the basis for further growth opportunities. Over the longer term, further operational efficiencies are expected to be achieved through the expanded use of 24-hour operations and multi-well pad development.

Looking beyond the Duvernay play, a broader key driver of long-term growth for Calfrac is the emergence of LNG export projects, a number of which have been proposed and some of which have to date received key regulatory approvals. The prepatory activity is expected to increase with the influx of capital from foreign entities and large multi-national companies. As sufficient natural gas production and reserves must be available to support the construction of LNG export facilities and future LNG exports, the related increase in capital investment should provide a significant platform for growth for Calfrac's Canadian operations, as a number of longstanding customers are involved in the associated projects. The Company's leadership position in the development of the Montney, Duvernay and Horn River resource plays is expected to enable it to participate significantly in the development of the natural gas reserves required to support these LNG initiatives. In relation to this trend, Calfrac is pleased to announce that it has entered into a multi-year minimum commitment contract for the provision of three fracturing spreads to Progress Energy Canada Ltd. for its Montney project in northeast British Columbia, and has also executed a right of first call agreement for an additional spread in respect of Progress' non-Montney work. These agreements represent another

major milestone in the long-term relationship between Progress and Calfrac, and the Company looks forward to working closely with the Progress team to assist it in the development of its world class assets in the Montney play. In anticipation of securing this contract and to service the growth anticipated in the Canadian marketplace, Calfrac has increased its Canadian horsepower by approximately 34 percent over the past 12-month period, and has been actively securing the additional employee base required to meet the anticipated work commitments under the agreements while continuing to meet the increasing demand for its services with other customers. As a result, Calfrac expects to be able to meet the increased demand for its services with its existing equipment fleet, but will continue to closely monitor market conditions and is well-positioned with its critical suppliers to efficiently augment its previously announced capital budget as may be required in the context of the evolving Canadian market.

The operational improvements that were implemented in the United States in late 2012 and early 2013 resulted in improved financial performance during the first half of 2013 in the midst of very challenging market conditions in some key markets. Calfrac continues to be focused on prudently managing its cost structure and expanding its customer relationships in order to maximize profitability. There continues to be near-term uncertainty as the United States pressure pumping market remains oversupplied. While the Company does not expect market conditions to change significantly in the third quarter, activity may decline in the fourth quarter as producers evaluate their capital budgets. That said, Calfrac believes that the strength in commodity prices may lead to increased activity in the regions where it operates as the Company looks toward 2014 and beyond.

Calfrac remains well-positioned in the United States pressure pumping market. The Company services two of the most active unconventional resource plays in the United States, the Bakken oil shale play in North Dakota and the Marcellus shale natural gas play in Pennsylvania and West Virginia. Calfrac believes that the Marcellus shale play will continue to be a primary region for natural gas development due to its low cost structure and proximity to markets. Calfrac currently operates four fracturing crews in this region and, based on a recent tender award, expects to deploy a fifth crew late in 2013. Due to the Company's strong customer base in the Fayetteville shale play of Arkansas, activity is anticipated to remain stable despite recent reductions in overall oilfield activity in this region. Calfrac's longstanding presence in the Rockies region provides additional growth prospects in the Niobrara oil shale play as many producers have begun using longer reach horizontal wells and greater stimulation intensity with encouraging results.

Calfrac's year-to-date operating and financial results in Russia are consistent with expectations from the 2013 contract tender process. Future growth and improved profitability in this division will be based on the expanded use of new technologies in Western Siberia, such as horizontal drilling and multi-stage completions. The Company believes that there is significant future potential in Russia given the country's position as a leading producer of oil and natural gas. Over the last few quarters, the number of multi-stage fracturing jobs completed in Russia has increased significantly. Consequently, Calfrac expects that this trend will continue to drive demand for its services over the short and long term as Russia's producing sector gains confidence in this completion strategy.

The Company expects the use of multi-stage fracturing technology within horizontal wellbores in Mexico to become more common over the longer term as capital budgets are replenished. The budget constraints introduced by Calfrac's customer in Mexico during the second quarter, however, are expected to curtail the Company's equipment utilization in the third quarter and, potentially, the remainder of the year. In response to these new market conditions, Calfrac reduced its Mexican operating cost structure during the second quarter to align with expected levels of activity. The Company continues to monitor the business environment closely and will take further actions, if required.

With Calfrac's successful entry into the Argentinean fracturing market during the second quarter, the Company believes that it is well-positioned to take advantage of opportunities related to the development of significant unconventional resource plays in that country. Calfrac believes that horizontal drilling combined with multi-stage fracturing will be key to unlocking these resources. As there is very limited in-country capacity to service these emerging unconventional plays, the Company's strategy to lever its longstanding reputation for technical expertise and a strong commitment to safety and service quality is anticipated to provide the foundation for long-term growth in Argentina.

The Colombian oilfield service market remains challenging due to lower than expected industry drilling activity caused by permitting and infrastructure issues. The Company currently operates four cementing units in Colombia and remains focused on expanding its customer base as well as managing its cost structure to improve future financial performance.

CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

Calfrac has various contractual lease commitments related to vehicles, equipment and facilities as well as purchase obligations for products, services and capital assets as disclosed in the Company's 2012 annual consolidated financial statements.

Greek Litigation

As described in note 15 to the interim consolidated financial statements, the Company and one of its Greek subsidiaries are involved in a number of legal proceedings in Greece. Management regularly evaluates the likelihood of potential liabilities being incurred and the amounts of such liabilities after careful examination of available information and discussions with its legal advisors. Management is of the view that it is improbable there will be an outflow of economic resources from the Company to settle these claims. Consequently, no provision was recorded in the consolidated financial statements.

U.S. Litigation

As described in note 15 to the interim consolidated financial statements, a collective and class action claim was filed against the Company on September 27, 2012 in the United States District Court for the Western District of Pennsylvania. The direction and financial consequences of the complaint cannot be determined at this time and, consequently, no provision was recorded in the Company's consolidated financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This MD&A is based on the Company's consolidated financial statements for the three and six months ended June 30, 2013, which were prepared in accordance with IFRS. Management is required to make assumptions, judgments and estimates in the application of IFRS. Calfrac's significant accounting policies are described in note 2 to the consolidated financial statements for the year ended December 31, 2012. The adoption of accounting standards and amendments, effective January 1, 2013, is disclosed in the March 31, 2013 interim consolidated financial statements.

The preparation of the consolidated financial statements requires that certain estimates and judgments be made concerning the reported amount of revenue and expenses and the carrying values of assets and liabilities. These estimates are based on historical experience and management's judgment. The estimation of anticipated future events involves uncertainty and, consequently, the estimates used by management in the preparation of the consolidated financial statements may change as future events unfold, additional experience is acquired or the environment in which the Company operates changes. The accounting policies and practices that involve the use of estimates that have a significant impact on the Company's financial results include the allowance for doubtful accounts receivable, depreciation, the fair value of financial instruments, the carrying value of goodwill, income taxes, stock-based compensation expenses, functional currency and cash-generating units.

Judgment is also used in the determination of the functional currency of each subsidiary and in the determination of cash-generating units.

Allowance for Doubtful Accounts Receivable

The Company performs ongoing credit evaluations of its customers and grants credit based on a review of historical collection experience, current aging status, financial condition of the customer and anticipated industry conditions. Customer payments are regularly monitored and a provision for doubtful accounts is established based on specific situations and overall industry conditions. In situations where the credit-worthiness of a customer is uncertain, services are only provided on receipt of cash in advance. Calfrac's management believes that the provision for doubtful accounts receivable, which was $0.3 million at June 30, 2013, is adequate.

Depreciation

Depreciation of the Company's property and equipment incorporates estimates of useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change, thereby impacting the value of the Company's property and equipment.

Financial Instruments

The Company's financial instruments that are included in the consolidated balance sheet are cash and cash equivalents, accounts receivable, current liabilities, long-term debt and finance lease obligations.

The fair values of financial instruments that are included in the consolidated balance sheet, except long-term debt, approximate their carrying amounts due to the short-term maturity of those instruments. The fair value of the senior unsecured notes is based on the closing market price at the end-date of the reporting period. The fair values of the remaining long-term debt and finance lease obligations approximate their carrying values.

Goodwill

Goodwill represents an excess of the purchase price over the fair value of net assets acquired and is not amortized. The Company assesses goodwill at least annually. Goodwill is allocated to each operating segment, which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes. The fair value of each operating segment is compared to the carrying value of its net assets. If any potential impairment is indicated, then it is quantified by comparing the carrying value of goodwill to its fair value. The offset would be charged to the consolidated statement of operations and retained earnings as goodwill impairment.

The Company completed its annual assessment for goodwill impairment and determined there was none at December 31, 2012. There were no triggers nor indications of impairment that warranted an assessment of goodwill impairment for the six months ended June 30, 2013.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement amounts of existing assets and liabilities and their respective tax bases. Estimates of the Company's future taxable income are considered in assessing the utilization of available tax losses. The Company's business is complex and the calculation of income taxes involves many complex factors as well as the Company's interpretation of relevant tax legislation and regulations.

Stock-Based Compensation

The fair value of stock options is estimated at the grant date using the Black-Scholes option pricing model, which includes underlying assumptions related to the risk-free interest rate, average expected option life, estimated forfeitures, estimated volatility of the Company's shares and anticipated dividends.

The fair value of the deferred stock units, performance stock units and restricted stock units is recognized based on the market value of the Company's shares underlying these compensation programs.

Functional Currency

Management applies judgment in determining the functional currency of its foreign subsidiaries. Judgment is made with regards to the currency that influences and determines sales prices, labour, material and other costs as well as financing and receipts from operating income.

Cash-Generating Units

The determination of cash-generating units is based on management's judgment in regard to shared equipment, mobility of equipment, geographical proximity and materiality.

RELATED-PARTY TRANSACTIONS

In November 2010, the Company lent a senior officer $2.5 million to purchase common shares of the Company on the TSX. The loan is on a non-recourse basis and is secured by the common shares acquired with the loan proceeds. It is for a term of five years and bears interest at 3.375 percent per annum, payable annually. The market value of the shares that secure the loan was approximately $2.6 million as at June 30, 2013 (December 31, 2012 – $2.1 million). In accordance with applicable accounting standards regarding share purchase loans receivable, this loan is classified as a reduction of shareholders' equity due to its non-recourse nature. In addition, the shares purchased with the loan proceeds are considered to be, in substance, stock options.

The Company leases certain premises from an entity controlled by a director of the Company. The rent charged for these premises for the six months ended June 30, 2013 was $208,000 (six months ended June 30, 2012 – $178,000), as measured at the exchange amount.

CHANGES IN ACCOUNTING POLICIES

As disclosed in the annual financial statements for the year ended December 31, 2012, the Company adopted the following revised accounting standards and amendments, effective January 1, 2013. The adoption of these standards did not have a significant effect on the interim consolidated financial statements:

(i) Effective January 1, 2013, the Company adopted, as required, IFRS 10 *Consolidated Financial Statements* which requires an entity to consolidate an investee when it has power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company reviewed its consolidation methodology and determined that the adoption of IFRS 10 did not result in a change in the consolidation status of its subsidiaries and investees.

(ii) Effective January 1, 2013, the Company adopted, as required, IFRS 12 *Disclosure of Interests in Other Entities* which establishes disclosure requirements for interests in other entities such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosure and also introduces significant additional disclosure that addresses the nature of, and risks associated with, an entity's interests in other entities. The Company reviewed its existing disclosures and determined that no changes were required.

(iii) Effective January 1, 2013, the Company adopted, as required, IFRS 13 *Fair Value Measurement* and applied the standard prospectively as required by the transitional provisions. The new standard clarifies the definition of fair value and introduces consistent requirements for disclosures related to fair value measurement. The adoption of this standard did not result in a change to the Company's methodology for determining the fair value of its financial assets and liabilities.

(iv) Effective January 1, 2013, the Company applied the amendment to International Accounting Standard (IAS) 1 *Presentation of Financial Statements* which requires items within other comprehensive income (OCI) to be grouped into two categories: (1) items that will not be subsequently reclassified to profit or loss or (2) items that may be subsequently reclassified to profit or loss when specific conditions are met. The amendment has been applied retrospectively and, as such, the presentation of items in OCI has been modified. Applying the IAS 1 amendment did not result in any adjustments to other comprehensive income or comprehensive income.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting during the most recent interim period ended June 30, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

BUSINESS RISKS

The business of Calfrac is subject to certain risks and uncertainties. Prior to making any investment decision regarding Calfrac, investors should carefully consider, among other things, the risk factors set forth in the Company's most recently filed Annual Information Form, which are specifically incorporated by reference herein.

The Annual Information Form is available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR), which can be accessed at www.sedar.com. Copies of the Annual Information Form may also be obtained on request without charge from Calfrac at 411 – 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1E3, or at www.calfrac.com, or by facsimile at 403-266-7381.

ADVISORIES

Forward-Looking Statements

In order to provide Calfrac shareholders and potential investors with information regarding the Company and its subsidiaries, including management's assessment of Calfrac's plans and future operations, certain statements contained in this MD&A, including statements that contain words such as "anticipates", "can", "may", "could", "expect", "believe", "intend", "forecast", "will", or similar words suggesting future outcomes, are forward-looking statements. Forward-looking statements in this document include, but are not limited to, statements with respect to expected operating strategies, future capital expenditures, future financial resources, anticipated equipment utilization levels, future oil and natural gas well activity in each of the Company's operating jurisdictions, future costs or potential liabilities, anticipated benefits of the Company's competitive position, anticipated outcomes of specific events, trends in the oil and natural gas industry, the Company's growth prospects including, without limitation, its international growth strategy and prospects and the impact of changes in accounting policies and standards on the Company and its financial statements. These statements are derived from certain assumptions and analyses made by the Company based on its experience and interpretation of historical trends, current conditions, expected future developments and other factors that it believes are appropriate in the circumstances, including, but not limited to, the general stability of the economic and political environment in which the Company operates, the Company's expectations for its current and prospective customers' capital budgets and geographical areas of focus, the Company's existing contracts and the status of current negotiations with key customers and suppliers, the focus of the Company's customers on oil and liquids-rich plays in the current natural gas pricing environment in North America, the effect unconventional gas projects have had on supply and demand fundamentals for natural gas and the likelihood that the current tax and regulatory regime will remain substantially unchanged. Forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause actual results to differ materially from the Company's expectations. The most significant risk factors to Calfrac relate to prevailing economic conditions; commodity prices; the demand for fracturing and other stimulation services during drilling and completion of oil and natural gas wells; changes in legislation and the regulatory environment; liabilities and risks, including environmental liabilities and risks inherent in oil and natural gas operations; sourcing, pricing and availability of raw materials, components, parts, equipment, suppliers, facilities and skilled personnel; dependence on major customers; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; and regional competition. Readers are cautioned that the foregoing list of risks and uncertainties is not exhaustive. Further information about these and other risks and uncertainties may be found under "Business Risks" in the Company's 2012 Annual Report and its most recently filed Annual Information Form.

Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and there can be no assurance that actual results or developments anticipated by the Company will be realized, or that they will have the expected consequences or effects on the Company or its business or operations. The Company assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as required pursuant to applicable securities laws.

Additional Information

Further information regarding Calfrac Well Services Ltd., including the most recently filed Annual Information Form, can be accessed on the Company's website at www.calfrac.com or under the Company's public filings found at www.sedar.com.

CONSOLIDATED BALANCE SHEETS

As at	June 30, 2013	December 31, 2012
(C$000s) (unaudited)	**($)**	($)
ASSETS		
Current assets		
Cash and cash equivalents	**30,943**	42,481
Accounts receivable	**312,516**	320,143
Income taxes recoverable	**2,974**	292
Inventories	**115,603**	118,713
Prepaid expenses and deposits	**18,058**	10,697
	480,094	492,326
Non-current assets		
Property, plant and equipment	**1,069,945**	1,005,101
Goodwill	**10,523**	10,523
Deferred income tax assets	**21,456**	16,871
Total assets	**1,582,018**	1,524,821
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**147,399**	168,250
Bank loan (note 3)	**12,273**	–
Current portion of long-term debt (note 4)	**440**	479
Current portion of finance lease obligations	**–**	740
	160,112	169,469
Non-current liabilities		
Long-term debt (note 4)	**493,083**	441,018
Other long-term liabilities	**308**	435
Deferred income tax liabilities	**144,268**	133,140
Total liabilities	**797,771**	744,062
Equity attributable to the shareholders of Calfrac		
Capital stock (note 5)	**320,055**	300,451
Contributed surplus (note 7)	**26,159**	27,546
Loan receivable for purchase of common shares (note 12)	**(2,500)**	(2,500)
Retained earnings	**445,432**	458,543
Accumulated other comprehensive income (loss)	**(3,606)**	(2,403)
	785,540	781,637
Non-controlling interest	**(1,293)**	(878)
Total equity	**784,247**	780,759
Total liabilities and equity	**1,582,018**	1,524,821

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	**2013**	2012
(C$000s, except per share data) (unaudited)	**($)**	($)	**($)**	($)
Revenue	**288,701**	335,780	**712,098**	809,887
Cost of sales (note 13)	**276,363**	306,704	**637,772**	667,514
Gross profit	**12,338**	29,076	**74,326**	142,373
Expenses				
Selling, general and administrative	**22,002**	21,538	**46,134**	43,523
Foreign exchange losses (gains)	**86**	9,786	**(2,293)**	(4,084)
(Gain) loss on disposal of property, plant and equipment	**(14)**	1,288	**(134)**	544
Interest	**9,285**	8,982	**18,488**	17,917
	31,359	41,594	**62,195**	57,900
Income (loss) before income tax	**(19,021)**	(12,518)	**12,131**	84,473
Income tax expense (recovery)				
Current	**(756)**	(16)	**1,726**	1,118
Deferred	**(3,326)**	(533)	**1,156**	24,630
	(4,082)	(549)	**2,882**	25,748
Net income (loss) for the period	**(14,939)**	(11,969)	**9,249**	58,725
Net income (loss) attributable to:				
Shareholders of Calfrac	**(14,584)**	(11,855)	**10,061**	58,986
Non-controlling interest	**(355)**	(114)	**(812)**	(261)
	(14,939)	(11,969)	**9,249**	58,725
Earnings (loss) per share (note 5)				
Basic	**(0.32)**	(0.27)	**0.22**	1.34
Diluted	**(0.32)**	(0.27)	**0.22**	1.32

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	**2013**	2012
(C$000s) (unaudited)	**($)**	($)	**($)**	($)
Net income (loss) for the period	**(14,939)**	(11,969)	**9,249**	58,725
Other comprehensive income (loss)				
Items that may be subsequently reclassified to profit or loss:				
Change in foreign currency translation adjustment	**(785)**	(524)	**(1,249)**	(4,461)
Comprehensive income (loss) for the period	**(15,724)**	(12,493)	**8,000**	54,264
Comprehensive income (loss) attributable to:				
Shareholders of Calfrac	**(15,326)**	(12,280)	**8,858**	54,628
Non-controlling interest	**(398)**	(213)	**(858)**	(364)
	(15,724)	(12,493)	**8,000**	54,264

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to the Shareholders of Calfrac							
	Share Capital	Contributed Surplus	Loan Receivable for Purchase of Common Shares	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total	Non-Controlling Interest	Total Equity
(C$000s) (unaudited)	($)	($)	($)	($)	($)	($)	($)	**($)**
Balance – January 1, 2013	300,451	27,546	(2,500)	(2,403)	458,543	781,637	(878)	**780,759**
Net income (loss) for the period	–	–	–	–	10,061	10,061	(812)	**9,249**
Other comprehensive income (loss):								
Cumulative translation adjustment	–	–	–	(1,203)	–	(1,203)	(46)	**(1,249)**
Comprehensive income (loss) for the period	–	–	–	(1,203)	10,061	8,858	(858)	**8,000**
Stock options:								
Stock-based compensation recognized	–	2,861	–	–	–	2,861	–	**2,861**
Proceeds from issuance of shares	16,496	(4,248)	–	–	–	12,248	–	**12,248**
Dividend Reinvestment Plan shares issued (note 18)	3,108	–	–	–	–	3,108	–	**3,108**
Dividends	–	–	–	–	(22,847)	(22,847)	–	**(22,847)**
Non-controlling interest contribution	–	–	–	–	–	–	118	**118**
Dilution of non-controlling interest	–	–	–	–	(325)	(325)	325	**–**
Balance – June 30, 2013	**320,055**	**26,159**	**(2,500)**	**(3,606)**	**445,432**	**785,540**	**(1,293)**	**784,247**
Balance – January 1, 2012	271,817	24,170	(2,500)	1,334	405,954	700,775	(206)	**700,569**
Net income (loss) for the period	–	–	–	–	58,986	58,986	(261)	**58,725**
Other comprehensive income (loss):								
Cumulative translation adjustment	–	–	–	(4,358)	–	(4,358)	(103)	**(4,461)**
Comprehensive income (loss) for the period	–	–	–	(4,358)	58,986	54,628	(364)	**54,264**
Stock options:								
Stock-based compensation recognized	–	3,321	–	–	–	3,321	–	**3,321**
Proceeds from issuance of shares	12,718	(3,063)	–	–	–	9,655	–	**9,655**
Dividend Reinvestment Plan shares issued (note 18)	1,771	–	–	–	–	1,771	–	**1,771**
Dividends	–	–	–	–	(22,182)	(22,182)	–	**(22,182)**
Non-controlling interest contribution	–	–	–	–	–	–	193	**193**
Balance – June 30, 2012	**286,306**	**24,428**	**(2,500)**	**(3,024)**	**442,758**	**747,968**	**(377)**	**747,591**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	**2013**	2012
(C$000s) (unaudited)	**($)**	($)	**($)**	($)
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Net income (loss) for the period	**(14,939)**	(11,969)	**9,249**	58,725
Adjusted for the following:				
Depreciation	**25,971**	22,272	**50,785**	44,341
Stock-based compensation	**1,382**	1,751	**2,861**	3,321
Unrealized foreign exchange losses (gains)	**2,385**	11,472	**(2,586)**	(3,917)
(Gain) loss on disposal of property, plant and equipment	**(14)**	1,288	**(134)**	544
Interest	**9,285**	8,982	**18,488**	17,917
Deferred income taxes	**(3,326)**	(533)	**1,156**	24,630
Interest paid	**(17,708)**	(17,040)	**(17,961)**	(17,301)
Changes in items of working capital (note 10)	**364**	74,140	**(16,956)**	46,179
Cash flows provided by operating activities	**3,400**	90,363	**44,902**	174,439
FINANCING ACTIVITIES				
Bank loan proceeds	**3,403**	1,386	**12,549**	2,734
Issuance of long-term debt, net of debt issuance costs	**25,920**	71	**25,920**	71
Long-term debt repayments	**(120)**	(116)	**(238)**	(230)
Finance lease obligation repayments	**(603)**	(1,136)	**(740)**	(1,466)
Net proceeds on issuance of common shares	**4,254**	896	**12,248**	9,655
Dividends paid, net of DRIP (note 18)	**(8,267)**	–	**(8,267)**	(2,605)
Cash flows provided by financing activities	**24,587**	1,101	**41,472**	8,159
INVESTING ACTIVITIES				
Purchase of property, plant and equipment (note 10)	**(45,073)**	(75,175)	**(105,296)**	(150,663)
Proceeds on disposal of property, plant and equipment	**235**	250	**804**	995
Other	**118**	193	**118**	193
Cash flows used in investing activities	**(44,720)**	(74,732)	**(104,374)**	(149,475)
Effect of exchange rate changes on cash and cash equivalents	**465**	(1,400)	**6,462**	465
Increase (decrease) in cash and cash equivalents	**(16,268)**	15,332	**(11,538)**	33,588
Cash and cash equivalents, beginning of period	**47,211**	151,311	**42,481**	133,055
Cash and cash equivalents, end of period	**30,943**	166,643	**30,943**	166,643

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2013 and 2012
(Amounts in text and tables are in thousands of Canadian dollars, except share data and certain other exceptions as indicated) (unaudited)

1. DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND ADOPTION OF IFRS

Calfrac Well Services Ltd. (the "Company") was formed through the amalgamation of Calfrac Well Services Ltd. (predecessor company originally incorporated on June 28, 1999) and Denison Energy Inc. ("Denison") on March 24, 2004 under the Business Corporations Act (Alberta). The registered office is at 411 – 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1E3. The Company provides specialized oilfield services, including hydraulic fracturing, coiled tubing, cementing and other well completion services to the oil and natural gas industries in Canada, the United States, Russia, Mexico, Argentina and Colombia.

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations by the International Financial Reporting Interpretations Committee (IFRIC). They should be read in conjunction with the annual financial statements for the year ended December 31, 2012. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect.

These financial statements were approved by the Audit Committee of the Board of Directors for issuance on July 30, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual financial statements.

For purposes of calculating income taxes during interim periods, the Company utilizes estimated annualized income tax rates. Current income tax expense is only recognized when taxable income is such that current income taxes become payable.

The adoption of accounting standards and amendments, effective January 1, 2013, is disclosed in the March 31, 2013 interim consolidated financial statements.

3. BANK LOAN

The Company's Argentinean subsidiary has two operating lines of credit of which a total of ARS62,872 ($12,273) was drawn at June 30, 2013. The interest rate ranges from 17.7 percent to 22.0 percent and both lines of credit are secured by letters of credit issued by the Company.

4. LONG-TERM DEBT

As at	June 30, 2013	December 31, 2012
(C$000s)	($)	($)
US$450,000 senior unsecured notes due December 1, 2020, bearing interest at 7.5% payable semi-annually	473,310	447,705
Less: unamortized debt issuance costs	(6,831)	(6,895)
	466,479	440,810
Extendible revolving term loan facility, secured by Canadian and U.S. assets of the Company	26,295	–
Less: unamortized debt issuance costs	(1,249)	(1,444)
	25,046	(1,444)
US$1,838 mortgage maturing May 2018 bearing interest at U.S. prime less 1%, repayable at US$33 per month principal and interest, secured by certain real property	1,933	2,003
ARS330 Argentina term loan maturing December 31, 2013 bearing interest at 18.25%, repayable at ARS61 per month principal and interest, secured by a Company guarantee	65	128
	493,523	441,497
Less: current portion of long-term debt	(440)	(479)
	493,083	441,018

The fair value of the senior unsecured notes, as measured based on the closing quoted market price at June 30, 2013, was $468,577 (December 31, 2012 – $443,228). The carrying values of the mortgage obligations, term loans and revolving term loan facilities approximate their fair values as the interest rates are not significantly different from current interest rates for similar loans.

The interest rate on the $280,000 revolving term loan facility is based on the parameters of certain bank covenants. For Canadian prime rate loans and U.S. base rate loans, the rate ranges from 0.50 percent to 1.25 percent above the respective base rates for such loans. For LIBOR-based loans and Bankers' Acceptance-based loans the margin thereon ranges from 1.50 percent to 2.25 percent above the respective base rates for such loans. The facility is repayable on or before its maturity of September 27, 2016, assuming the facility is not extended. The maturity may be extended by one or more years at the Company's request and lenders' acceptance. The Company may also prepay principal without penalty. Debt issuance costs related to this facility are amortized over its term.

Interest on long-term debt (including the amortization of debt issuance costs) for the six months ended June 30, 2013 was $18,452 (six months ended June 30, 2012 – $18,241).

The Company also has an extendible operating loan facility, which includes overdraft protection in the amount of $20,000. The interest rate is based on the parameters of certain bank covenants in the same fashion as the revolving term facility. Drawdowns under this facility are repayable on September 27, 2016, assuming the facility is not extended. The term and commencement of principal repayments may be extended by one year on each anniversary at the Company's request and lenders' acceptance. The operating facility is secured by the Company's Canadian and U.S. assets.

At June 30, 2013, the Company had utilized $44,228 of its loan facility, including $17,933 for letters of credit, leaving $255,772 in available credit.

5. CAPITAL STOCK

Authorized capital stock consists of an unlimited number of common shares.

	Six Months Ended June 30, 2013		Year Ended December 31, 2012	
Continuity of Common Shares	**Shares**	**Amount**	Shares	Amount
	(#)	**(C$000s)**	(#)	(C$000s)
Balance, beginning of period	**45,020,641**	**300,451**	43,709,073	271,817
Issued upon exercise of stock options	**744,162**	**16,496**	686,488	14,836
Dividend Reinvestment Plan shares issued (note 18)	**125,024**	**3,108**	625,080	13,798
Balance, end of period	**45,889,827**	**320,055**	45,020,641	300,451

The weighted average number of common shares outstanding for the six months ended June 30, 2013 was 45,391,688 basic and 45,724,984 diluted (six months ended June 30, 2012 – 44,040,443 basic and 44,610,458 diluted). The difference between basic and diluted shares is attributable to the dilutive effect of stock options issued by the Company as disclosed in note 8.

6. NORMAL COURSE ISSUER BID

The Company received regulatory approval to purchase its own common shares in accordance with a Normal Course Issuer Bid for the one-year period November 7, 2011 through November 6, 2012 and for the one-year period November 12, 2012 through November 11, 2013. There were no shares purchased under the Normal Course Issuer Bid for the six months ended June 30, 2013 or for the year ended December 31, 2012.

7. CONTRIBUTED SURPLUS

Continuity of Contributed Surplus	Six Months Ended June 30, 2013	Year Ended December 31, 2012
(C$000s)	**($)**	($)
Balance, beginning of period	**27,546**	24,170
Stock options expensed	**2,861**	6,990
Stock options exercised	**(4,248)**	(3,614)
Balance, end of period	**26,159**	27,546

8. STOCK-BASED COMPENSATION

(a) Stock Options

Six Months Ended June 30,	2013		2012	
Continuity of Stock Options	**Options**	**Average Exercise Price**	Options	Average Exercise Price
	(#)	**(C$)**	(#)	(C$)
Balance, beginning of period	**2,920,412**	**25.67**	3,198,475	23.31
Granted during the period	**697,200**	**24.53**	634,700	28.14
Exercised for common shares	**(744,162)**	**16.46**	(584,013)	16.53
Forfeited/expired	**(103,425)**	**28.09**	(203,575)	26.81
Balance, end of period	**2,770,025**	**27.77**	3,045,587	25.38

Stock options vest equally over four years and expire five years from the date of grant. The exercise price of outstanding options ranges from \$8.35 to \$37.18 with a weighted average remaining life of 3.07 years. When stock options are exercised, the proceeds, together with the amount of compensation expense previously recorded in contributed surplus, are added to capital stock.

During the six months ended June 30, 2013, \$2,861 of compensation expense was recognized for stock options (six months ended June 30, 2012 – \$3,321). This amount is included in selling, general and administrative expenses.

(b) Stock Units

Six Months Ended June 30,	2013			2012		
Continuity of Stock Units	**Deferred Stock Units**	**Performance Stock Units**	**Restricted Stock Units**	Deferred Stock Units	Performance Stock Units	Restricted Stock Units
	(#)	**(#)**	**(#)**	(#)	(#)	(#)
Balance, beginning of period	**35,000**	**45,000**	**247,230**	35,000	40,000	–
Granted during the period	**35,000**	**45,000**	**389,375**	35,000	45,000	252,085
Exercised	**(35,000)**	**(45,000)**	**(82,410)**	(35,000)	(40,000)	–
Forfeited	**–**	**–**	**(26,000)**	–	–	(12,330)
Balance, end of period	**35,000**	**45,000**	**528,195**	35,000	45,000	239,755

The Company grants deferred stock units to its outside directors. These units vest in November of the year of grant and are settled either in cash (equal to the market value of the underlying shares at the time of exercise) or in Company shares purchased on the open market. The fair value of the deferred stock units is recognized equally over the vesting period, based on the current market price of the Company's shares. During the six months ended June 30, 2013, \$509 of compensation expense was recognized for deferred stock units (six months ended June 30, 2012 – \$407). This amount is included in selling, general and administrative expenses. At June 30, 2013, the liability pertaining to deferred stock units was \$530 (December 31, 2012 – \$877).

The Company grants performance stock units to its senior officers who do not participate in the stock option plan. The amount of the grants earned is linked to corporate performance and the grants vest on the approval of the Board of Directors at the meeting held to approve the consolidated financial statements for the year in respect of which performance is being evaluated. As with the deferred stock units, performance stock units are settled either in cash or Company shares purchased on the open market. During the six months ended June 30, 2013, $754 of compensation expense was recognized for performance stock units (six months ended June 30, 2012 – $681). This amount is included in selling, general and administrative expenses. At June 30, 2013, the liability pertaining to performance stock units was $682 (December 31, 2012 – $1,127).

The Company grants restricted share units to its employees. These units vest equally over three years and are settled either in cash (equal to the market value of the underlying shares at the time of exercise) or in Company shares purchased on the open market. The fair value of the restricted share units is recognized over the vesting period, based on the current market price of the Company's shares. During the six months ended June 30, 2013, $4,716 of compensation expense was recognized for restricted share units (six months ended June 30, 2012 – $1,670). This amount is included in selling, general and administrative expense. At June 30, 2013, the liability pertaining to restricted share units was $6,381 (December 31, 2012 – $3,693).

Changes in the Company's obligations under the deferred and performance stock unit plans, which arise from fluctuations in the market value of the Company's shares underlying these compensation programs, are recorded as the share value changes.

9. FINANCIAL INSTRUMENTS

The Company's financial instruments included in the consolidated balance sheets are comprised of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, bank loan and long-term debt.

The fair values of financial instruments included in the consolidated balance sheets, except long-term debt, approximate their carrying amounts. The fair value of the senior unsecured notes based on the closing market price at June 30, 2013 was $468,577 before deduction of unamortized debt issuance costs (December 31, 2012 – $443,228). The carrying value of the senior unsecured notes at June 30, 2013 was $473,310 before deduction of unamortized debt issuance costs (December 31, 2012 – $447,705). The fair value of the remaining long-term debt approximates its carrying value, as described in note 4.

10. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating assets and liabilities are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	**2013**	2012
(C$000s)				
Accounts receivable	**89,675**	117,811	**7,627**	102,853
Income taxes recoverable	**(3,247)**	(1,651)	**(2,681)**	(1,352)
Inventory	**2,615**	(11,044)	**3,110**	(21,154)
Prepaid expenses and deposits	**(9,424)**	(4,874)	**(7,361)**	(5,584)
Accounts payable and accrued liabilities	**(79,179)**	(25,872)	**(17,524)**	(28,346)
Other long-term liabilities	**(76)**	(230)	**(127)**	(238)
	364	74,140	**(16,956)**	46,179

Purchase of property, plant and equipment is comprised of:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	**2013**	2012
(C$000s)				
Property, plant and equipment additions	**(46,618)**	(75,286)	**(90,607)**	(159,361)
Changes in liabilities related to the purchase of property, plant and equipment	**1,545**	111	**(14,689)**	8,698
	(45,073)	(75,175)	**(105,296)**	(150,663)

11. CAPITAL STRUCTURE

The Company's capital structure is comprised of shareholders' equity and long-term debt. The Company's objectives in managing capital are (i) to maintain flexibility so as to preserve the Company's access to capital markets and its ability to meet its financial obligations, and (ii) to finance growth, including potential acquisitions.

The Company manages its capital structure and makes adjustments in light of changing market conditions and new opportunities, while remaining cognizant of the cyclical nature of the oilfield services sector. To maintain or adjust its capital structure, the Company may revise its capital spending, adjust dividends paid to shareholders, issue new shares or new debt or repay existing debt.

The Company monitors its capital structure and financing requirements using, amongst other parameters, the ratio of long-term debt to cash flow. Cash flow for this purpose is calculated on a 12-month trailing basis and is defined below.

For the Twelve Months Ended	**June 30, 2013**	December 31, 2012
(C$000s)	**($)**	($)
Net income	**46,885**	96,361
Adjusted for the following:		
Depreciation	**96,825**	90,381
Amortization of debt issuance costs and debt discount	**1,257**	1,234
Stock-based compensation	**6,530**	6,990
Unrealized foreign exchange gains	**(9,564)**	(10,895)
Gain on disposal of property, plant and equipment	**124**	802
Deferred income taxes	**13,168**	36,642
Cash flow	**155,225**	221,515

The ratio of long-term debt to cash flow does not have any standardized meaning under IFRS and may not be comparable to similar measures used by other companies.

At June 30, 2013, the long-term debt to cash flow ratio was 3.18:1 (December 31, 2012 – 1.99:1) calculated on a 12-month trailing basis as follows:

As at	**June 30, 2013**	December 31, 2012
(C$000s, except ratio)	**($)**	($)
Long-term debt (net of unamortized debt issuance costs) (note 4)	**493,523**	441,497
Cash flow	**155,225**	221,515
Long-term debt to cash flow ratio	**3.18:1**	1.99:1

The Company is subject to certain financial covenants relating to working capital, leverage and the generation of cash flow in respect of its operating and revolving credit facilities. These covenants are monitored on a monthly basis. The Company is in compliance with all such covenants.

The Company's capital management objectives, evaluation measures and targets have remained unchanged over the periods presented.

12. RELATED-PARTY TRANSACTIONS

In November 2010, the Company lent a senior officer $2,500 to purchase common shares of the Company on the Toronto Stock Exchange. The loan is on a non-recourse basis and is secured by the common shares acquired with the loan proceeds. It is for a term of five years and bears interest at the rate of 3.375 percent per annum, payable annually. The market value of the shares that secure the loan was approximately $2,564 as at June 30, 2013 (December 31, 2012 – $2,119). In accordance with applicable accounting standards regarding share purchase loans receivable, this loan is classified as a reduction of shareholders' equity due to its non-recourse nature. In addition, the shares purchased with the loan proceeds are considered to be, in substance, stock options.

The Company leases certain premises from an entity controlled by a director of the Company. The rent charged for these premises for the six months ended June 30, 2013 was $208 (six months ended June 30, 2012 – $178), as measured at the exchange amount.

13. PRESENTATION OF EXPENSES

The Company presents its expenses on the consolidated statements of operations using the function of expense method whereby expenses are classified according to their function within the Company. This method was selected as it is more closely aligned with the Company's business structure. The Company's functions under IFRS are as follows:

- operations; and
- selling, general and administrative.

Cost of sales includes direct operating costs (including product costs, direct labour and overhead costs) and depreciation on assets relating to operations.

Additional information on the nature of expenses is as follows:

Six Months Ended June 30,	**2013**	2012
(C$000s)	**($)**	($)
Product costs	**218,299**	240,436
Depreciation	**50,785**	44,341
Amortization of debt issuance costs and debt discount	**639**	616
Employee benefits expense (note 14)	**179,472**	176,552

14. EMPLOYEE BENEFITS EXPENSE

Employee benefits include all forms of consideration given by the Company in exchange for services rendered by employees.

Six Months Ended June 30,	**2013**	2012
(C$000s)	**($)**	($)
Salaries and short-term employee benefits	**167,626**	167,299
Post-employment benefits (group retirement savings plan)	**2,089**	1,698
Share-based payments	**8,840**	6,066
Termination benefits	**917**	1,489
	179,472	176,552

15. CONTINGENCIES

Greek Litigation

As a result of the acquisition and amalgamation with Denison in 2004, the Company assumed certain legal obligations relating to Denison's Greek operations.

In 1998, North Aegean Petroleum Company E.P.E. ("NAPC"), a Greek subsidiary of a consortium in which Denison participated (and which is now a majority-owned subsidiary of the Company), terminated employees in Greece as a result of the cessation of its oil and natural gas operations in that country. Several groups of former employees filed claims against NAPC and the consortium alleging that their termination was invalid and that their severance pay was improperly determined.

In 1999, the largest group of plaintiffs received a ruling from the Athens Court of First Instance that their termination was invalid and that salaries in arrears amounting to approximately $9,373 (6,846 euros) plus interest were due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. The said group of former employees filed an appeal with the Supreme Court of Greece, which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered in June 2010. NAPC and the Company are assessing available rights of appeal to any other levels of court in any jurisdiction where such an appeal is warranted.

Several other smaller groups of former employees have filed similar claims in various courts in Greece. One of these cases was heard by the Athens Court of First Instance on January 18, 2007. By judgment rendered November 23, 2007, the plaintiff's allegations were partially accepted, and the plaintiff was awarded compensation for additional work of approximately $48 (35 euros), plus interest. The appeal of this decision was heard on June 2, 2009, at which time an additional claim by the plaintiff was also heard. A decision in respect of the hearing has been rendered which accepted NAPC's appeal of the initial claim and partially accepted the additional claim of the plaintiff, resulting in an award of approximately $15 (11 euros), plus interest.

Another one of the lawsuits seeking salaries in arrears of $175 (128 euros) plus interest was heard by the Supreme Court of Greece on November 6, 2007, at which date the appeal of the plaintiffs was denied for technical reasons due to improper service. A rehearing of this appeal was heard on September 21, 2010 and the decision rendered declared once again the appeal inadmissible due to technical reasons. The remaining action, which is seeking salaries in arrears of approximately $601 (439 euros) plus interest, was scheduled to be heard before the Athens Court of First Instance on October 1, 2009, but has been postponed a total of four times, including the most recent postponement on February 22, 2013. No new date has been set yet for the postponed hearing.

The maximum aggregate interest payable under the claims noted above amounted to $16,398 (11,977 euros) as at June 30, 2013.

Management is of the view that it is improbable there will be an outflow of economic resources from the Company to settle these claims. Consequently, no provision has been recorded in these consolidated financial statements.

U.S. Litigation

A collective and class action claim was filed against the Company on September 27, 2012 in the United States District Court for the Western District of Pennsylvania. The direction and financial consequences of the complaint cannot be determined at this time and, consequently, no provision was recorded in the Company's financial statements.

16. SEGMENTED INFORMATION

The Company's activities are conducted in four geographic segments: Canada, the United States, Russia and Latin America. All activities are related to hydraulic fracturing, coiled tubing, cementing and other well completion services for the oil and natural gas industry.

The business segments presented reflect the Company's management structure and the way its management reviews business performance. The Company evaluates the performance of its operating segments primarily based on operating income, as defined below.

	Canada	United States	Russia	Latin America	Corporate	Consolidated
(C$000s)	($)	($)	($)	($)	($)	($)
Three Months Ended June 30, 2013						
Revenue	**80,719**	**146,275**	**37,305**	**24,402**	**–**	**288,701**
Operating income (loss) [(1)]	**2,036**	**25,175**	**3,357**	**(966)**	**(13,295)**	**16,307**
Segmented assets	**655,600**	**627,853**	**136,132**	**162,433**	**–**	**1,582,018**
Capital expenditures	**28,116**	**11,349**	**4,533**	**2,620**	**–**	**46,618**
Goodwill	**7,236**	**2,308**	**979**	**–**	**–**	**10,523**
Three Months Ended June 30, 2012						
Revenue	104,720	175,136	29,244	26,680	–	335,780
Operating income (loss) [(1)]	5,829	32,863	1,772	1,230	(11,884)	29,810
Segmented assets	717,001	571,539	120,507	69,610	–	1,478,657
Capital expenditures	43,308	27,183	1,249	3,546	–	75,286
Goodwill	7,236	2,308	979	–	–	10,523
Six Months Ended June 30, 2013						
Revenue	**312,295**	**273,285**	**74,466**	**52,052**	**–**	**712,098**
Operating income (loss) [(1)]	**57,947**	**43,214**	**5,347**	**186**	**(27,717)**	**78,977**
Segmented assets	**655,600**	**627,853**	**136,132**	**162,433**	**–**	**1,582,018**
Capital expenditures	**45,407**	**32,158**	**6,964**	**6,078**	**–**	**90,607**
Goodwill	**7,236**	**2,308**	**979**	**–**	**–**	**10,523**
Six Months Ended June 30, 2012						
Revenue	330,544	370,035	57,341	51,967	–	809,887
Operating income (loss) [(1)]	83,161	76,967	3,326	3,748	(24,011)	143,191
Segmented assets	717,001	571,539	120,507	69,610	–	1,478,657
Capital expenditures	80,502	72,722	2,108	4,029	–	159,361
Goodwill	7,236	2,308	979	–	–	10,523

(1) Operating income (loss) is defined as net income (loss) before depreciation, interest, foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, and income taxes.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	**2013**	2012
(C$000s)				
Net income (loss)	**(14,939)**	(11,969)	**9,249**	58,725
Add back (deduct):				
Depreciation	**25,971**	22,272	**50,785**	44,341
Interest	**9,285**	8,982	**18,488**	17,917
Foreign exchange losses (gains)	**86**	9,786	**(2,293)**	(4,084)
(Gain) loss on disposal of property, plant and equipment	**(14)**	1,288	**(134)**	544
Income taxes	**(4,082)**	(549)	**2,882**	25,748
Operating income	**16,307**	29,810	**78,977**	143,191

Operating income does not have any standardized meaning under IFRS and may not be comparable to similar measures used by other companies.

The following table sets forth consolidated revenue by service line:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	**2013**	2012
(C$000s)				
Fracturing	**263,496**	299,281	**647,641**	728,660
Coiled tubing	**9,505**	21,214	**31,106**	51,998
Cementing	**12,414**	8,828	**24,277**	16,703
Other	**3,286**	6,457	**9,074**	12,526
	288,701	335,780	**712,098**	809,887

17. SEASONALITY OF OPERATIONS

The Company's Canadian and United States businesses are seasonal in nature. The lowest activity levels in these areas are typically experienced during the second quarter of the year when road-weight restrictions are in place and access to wellsites in Canada and North Dakota is reduced.

18. DIVIDEND REINVESTMENT PLAN

The Company has a Dividend Reinvestment Plan (DRIP) that allows shareholders to direct cash dividends paid on all or a portion of their common shares to be reinvested in additional common shares that are issued at 95 percent of the volume-weighted average price of the common shares traded on the Toronto Stock Exchange during the last five trading days preceding the relevant dividend payment date.

A dividend of $0.25 per common share was declared on February 26, 2013 and paid on April 15, 2013. Of the total dividend of $11,375, $3,108 was reinvested under the DRIP into 125,024 common shares of the Company.

A dividend of $0.10 per common share was declared on December 8, 2011 and paid on January 31, 2012. Of the total dividend of $4,376, $1,771 was reinvested under the DRIP into 71,189 common shares of the Company.

A dividend of $0.25 per common share ($11,472) was declared on June 14, 2013, to be paid on July 15, 2013.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ronald P. Mathison
Chairman (1)(2)
President &
Chief Executive Officer
Matco Investments Ltd.

Douglas R. Ramsay (4)
Chief Executive Officer
Calfrac Well Services Ltd.

Kevin R. Baker, Q.C. (2)(3)
President &
Managing Director
Baycor Capital Inc.

James S. Blair (3)(4)
President &
Chief Executive Officer
Glenogle Energy Inc.

Gregory S. Fletcher (1)(2)
President
Sierra Energy Inc.

Lorne A. Gartner (1)(4)
Independent Businessman

R.T. (Tim) Swinton (1)(2)(3)
Independent Businessman

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Corporate Governance and Nominating Committee
(4) Member of the Health, Safety and Environment Committee

OFFICERS

Douglas R. Ramsay
Chief Executive Officer

Fernando Aguilar
President &
Chief Operating Officer

Tom J. Medvedic
Senior Vice President,
Corporate Development &
Interim Chief Financial Officer

Lindsay R. Link
President,
United States Operating Division

Robert J. Montgomery
President,
Canadian Operating Division

Robert L. Sutherland
President,
Russian Operating Division

OFFICERS

O. Alberto Bertolin
Director General,
Latin America Division

Armando J. Bertolin
Director General,
Latin America Division

Dwight M. Bobier
Senior Vice President,
Technical Services

R. Leron Crapo
Vice President,
Operations Finance

Chris K. Gall
Vice President,
Global Supply Chain

Roderick P. Kuntz
Vice President, HS&E

Chad J. Leier
Vice President, Sales,
Marketing & Engineering,
United States Operating Division

Umberto Marseglia
Vice President, Global Business

Edward L. Oke
Vice President,
Human Resources

Michael D. Olinek
Vice President, Finance

B. Mark Paslawski
Vice President,
General Counsel
& Corporate Secretary

F. Bruce Payne
Vice President,
Global Operations

Gary J. Rokosh
Vice President, Sales,
Marketing & Engineering,
Canadian Operating Division

Matthew L. Mignault
Corporate Controller

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Royal Bank of Canada
Canadian Imperial Bank of Commerce
Export Development Canada

LEGAL COUNSEL

Bennett Jones LLP
Calgary, Alberta

STOCK EXCHANGE LISTING

Trading Symbol: CFW

OPERATING BASES

Alberta, Canada
Calgary – Head Office
Calgary – Technology and Training Centre
Edson
Grande Prairie
Medicine Hat
Red Deer
Red Earth

British Columbia, Canada
Dawson Creek

Saskatchewan, Canada
Estevan

Colorado, United States
Denver – Regional Office
Grand Junction
Platteville

Arkansas, United States
Beebe

Pennsylvania, United States
Philipsburg
Smithfield

North Dakota, United States
Williston

Russia
Moscow – Regional Office
Khanty-Mansiysk
Nefteugansk
Noyabrsk

Mexico
Mexico City – Regional Office
Reynosa
Poza Rica

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Las Heras
Neuquén

Colombia
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REGISTRAR AND TRANSFER AGENT

For information concerning lost share certificates and estate transfers or for a change in share registration or address, please contact the transfer agent and registrar at 1-800-564-6253 or by email at service@computershare.com, or write to:

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