First Quarter Interim Report

For the three months ended March 31, 2015

HIGHLIGHTS

Three Months Ended March 31,	**2015**	2014	Change
(C$000s, except per share and unit data)	**($)**	($)	(%)
(unaudited)			
Financial			
Revenue	**600,383**	547,638	10
Operating income[1]	**27,844**	64,117	(57)
Per share - basic[2]	**0.29**	0.69	(58)
Per share - diluted[2]	**0.29**	0.68	(57)
Net income (loss) attributable to the shareholders of Calfrac before foreign exchange gains or losses[3]	**(13,448)**	10,792	(225)
Per share - basic[2]	**(0.14)**	0.12	(217)
Per share - diluted[2]	**(0.14)**	0.12	(217)
Net income (loss) attributable to the shareholders of Calfrac	**(12,628)**	8,946	(241)
Per share - basic[2]	**(0.13)**	0.10	(230)
Per share - diluted[2]	**(0.13)**	0.10	(230)
Working capital (end of period)	**413,950**	338,916	22
Total equity (end of period)	**818,825**	803,904	2
Weighted average common shares outstanding (000s)			
Basic[2]	**95,230**	92,927	2
Diluted[2]	**95,400**	93,631	2
Operating (end of period)			
Pumping horsepower (000s)	**1,259**	1,215	4
Coiled tubing units (#)	**37**	34	9
Cementing units (#)	**31**	31	—

[1] Refer to "Non-GAAP Measures" on page 15 for further information.

[2] Comparative amounts from 2014 were adjusted to reflect the Company's two-for-one common share split that occurred on June 2, 2014.

[3] 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 (loss) 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 (loss) 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.

FIRST QUARTER 2015 OVERVIEW

CONSOLIDATED HIGHLIGHTS

Three Months Ended March 31,	**2015**	2014	Change
(C$000s, except operational information)	**($)**	($)	(%)
(unaudited)			
Revenue	**600,383**	547,638	10
Expenses			
Operating	**549,931**	454,396	21
Selling, general and administrative (SG&A)	**22,608**	29,125	(22)
	572,539	483,521	18
Operating income[1]	**27,844**	64,117	(57)
Operating income (%)	**4.6**	11.7	(61)
Fracturing revenue per job ($)[2]	**52,085**	44,594	17
Number of fracturing jobs[2]	**10,688**	11,298	(5)
Pumping horsepower, end of period (000s)	**1,259**	1,215	4
Coiled tubing revenue per job ($)	**31,843**	35,582	(11)
Number of coiled tubing jobs	**707**	744	(5)
Coiled tubing units, end of period (#)	**37**	34	9
Cementing revenue per job ($)	**40,712**	31,833	28
Number of cementing jobs	**424**	495	(14)
Cementing units, end of period (#)	**31**	31	—

[1] Refer to "Non-GAAP Measures" on page 15 for further information.

[2] Comparative amounts have been adjusted to reflect job count as fracturing stages completed.

Revenue in the first quarter of 2015 was $600.4 million, an increase of 10 percent from the same period in 2014. The Company's fracturing job count decreased by 5 percent due to a change in job mix and lower activity in Canada while consolidated revenue per fracturing job (defined as a fracturing stage completed) increased by 17 percent primarily due to an increase in job size and the appreciation of the U.S. dollar.

Pricing in Canada declined by an average of approximately 4 percent in the first quarter of 2015 from the first quarter of 2014. In the United States, pricing was lower by an average of 12 percent compared to the first quarter of 2014. In Argentina, pricing was down by less than 10 percent as the Company agreed to a pricing reduction in light of lower crude oil prices in that market. In Russia, pricing is determined by contract awards which resulted in the Company achieving a nominal pricing increase during the most recent contract renewal process.

Operating income for the first quarter of 2015 was $27.8 million, a decline of 57 percent from the comparable period in 2014. Operating income as a percentage of revenue was lower by 710 basis points compared to the same period last year due to significantly lower pricing in the United States and Canada, and to a lesser extent, Argentina, combined with lower utilization in Canada.

Net loss attributable to shareholders of Calfrac was $12.6 million or $0.13 per share diluted, compared to net income of $8.9 million or $0.10 per share diluted in the same period last year, primarily due to lower pricing for the Company's fracturing services.

In the first quarter of 2015, Calfrac declared a quarterly dividend of $0.125 per share.

Three Months Ended	**March 31, 2015**	December 31, 2014	Change
(C$000s, except operational information)	**($)**	($)	(%)
(unaudited)			
Revenue	**600,383**	748,896	(20)
Expenses			
Operating	**549,931**	591,137	(7)
SG&A	**22,608**	35,557	(36)
	572,539	626,694	(9)
Operating income[1]	**27,844**	122,202	(77)
Operating income (%)	**4.6**	16.3	(72)
Fracturing revenue per job ($)[2]	**52,085**	49,846	4
Number of fracturing jobs[2]	**10,688**	13,857	(23)
Pumping horsepower, end of period (000s)	**1,259**	1,254	—
Coiled tubing revenue per job ($)	**31,843**	35,688	(11)
Number of coiled tubing jobs	**707**	850	(17)
Coiled tubing units, end of period (#)	**37**	36	3
Cementing revenue per job ($)	**40,712**	44,230	(8)
Number of Cementing jobs	**424**	528	(20)
Cementing units, end of period (#)	**31**	31	—

[1] Refer to "Non-GAAP Measures" on page 15 for further information.
[2] Comparative amounts have been adjusted to reflect job count as fracturing stages completed.

Revenue in the first quarter of 2015 was $600.4 million, a decrease of 20 percent from the fourth quarter of 2014. Revenue per fracturing job increased by 4 percent due to larger job sizes in Canada. The increase in revenue per fracturing job was partially offset by lower pricing in the U.S. and Canada, as well as the devaluation of the Russian rouble. Operating income as a percentage of revenue declined 1,170 basis points due to lower pricing in the United States, Canada and Argentina combined with reduced activity in Canada.

Pricing in Canada declined by an average of approximately 10 percent in the first quarter of 2015 from the fourth quarter of 2014. In the United States, pricing was lower on average by 15 percent than in the fourth quarter of 2014. In Argentina, pricing was down by less than 10 percent as the Company agreed to a pricing reduction in light of lower crude oil prices in that market. In Russia, pricing is determined by contract awards which resulted in the Company achieving a nominal pricing increase during the most recent contract renewal process.

In Canada, revenue declined by 25 percent to $221.4 million in the first quarter of 2015 due to lower fracturing and coiled tubing activity, as well as lower pricing. Lower activity was partially offset by a continued increase in job size and job mix as the Company's activity in the Grande Prairie region was more active than other districts. Operating income as a percentage of revenue decreased to 9 percent due to the decline in pricing and a reduction in activity beginning in early March, which increased costs as a percentage of revenue.

In the United States, revenue in the first quarter of 2015 declined by 14 percent from the fourth quarter of 2014 to $305.1 million, mainly as a result of lower pricing and activity. The decline was partially offset by the strengthening of the United States dollar. Total proppant used declined by 9 percent sequentially while tons per fracturing job declined by 5 percent due to changes in geographical job mix. Operating income as a percentage of revenue decreased to 4 percent in the first quarter of 2015 from 15 percent in the previous quarter due to lower pricing, but was partially offset by cost reductions and job mix.

In Russia, revenue decreased to $30.5 million in the first quarter of 2015 from $37.7 million in the fourth quarter of 2014. The decrease resulted from the rouble falling 18 percent. Fracturing jobs declined 6 percent due to typical seasonality while coiled tubing jobs increased by 17 percent due to the resumption of activity by a key customer in Noyabrsk. Operating income as a percentage of revenue declined 800 basis points to 5 percent due to the normal weather-related issues and the continued devaluation of the rouble.

In Latin America, revenue declined 26 percent to $43.4 million. The decrease was primarily due to revenue recorded in Mexico during the fourth quarter of 2014 totalling US$6.4 million related to foreign exchange and inflation adjustments of recently concluded contracts, lower pricing in Argentina and lower activity in Mexico. Operating income as a percentage of revenue decreased to 10 percent from 20 percent.

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 April 28, 2015 and is a review of the Company's financial condition and results of operations based on International Financial Reporting Standards (IFRS).

The focus of this MD&A is a comparison of the financial performance for the three months ended March 31, 2015 and 2014. It should be read in conjunction with the interim consolidated financial statements for the three months ended March 31, 2015 as well as the audited consolidated financial statements and MD&A for the year ended December 31, 2014.

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 are included on page 15.

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 three months ended March 31, 2015 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 March 31, 2015, Calfrac's Canadian operations had combined horsepower of approximately 394,000 and 18 coiled tubing units.

- The United States segment provides pressure pumping services from operating bases in Arkansas, Colorado, North Dakota, Pennsylvania and Texas. 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 the Rockies area which includes the Piceance Basin of western Colorado, the Uintah Basin of northeast Utah and the Denver-Julesburg Basin centered in eastern Colorado and extending into southeast Wyoming, including the Niobrara oil play of northern Colorado. The Company has fracturing operations in southern Texas servicing the Eagle Ford shale play. Calfrac also provides fracturing and cementing services to customers operating in the Marcellus and Utica shale plays in Pennsylvania, Ohio and West Virginia, and the Fayetteville shale play of Arkansas. At March 31, 2015, Calfrac's United States operations had combined horsepower of approximately 704,000, 18 cementing units and 5 coiled tubing units.

- The Company's Russian segment provides fracturing and coiled tubing services in Western Siberia. During the first quarter of 2015, the Company operated under a mix of annual and multi-year agreements to provide services to a number of Russia's largest oil producers. At March 31, 2015, the Company operated 7 deep coiled tubing units and approximately 70,000 horsepower forming seven fracturing spreads in Russia.

- The Latin America segment provides pressure pumping services from operating bases in Argentina, Mexico and Colombia. In Argentina, the Company provides fracturing, cementing and coiled tubing services to oil and natural gas companies operating in the Catriel, Las Heras and Neuquén regions. The Company provides fracturing services to customers operating in the Burgos field of northern Mexico. In the first quarter of 2015, Calfrac provided cementing services to oil and natural gas companies in Colombia. Calfrac has elected to cease operations in Colombia during 2015 upon completion of existing commitments. The Company had approximately 91,000 horsepower, 13 cementing units and 7 coiled tubing units in its Latin America segment at March 31, 2015.

CONSOLIDATED HIGHLIGHTS

Three Months Ended March 31,	**2015**	2014	Change
(C$000s, except per share amounts)	**($)**	($)	(%)
(unaudited)			
Revenue	**600,383**	547,638	10
Operating income[1]	**27,844**	64,117	(57)
Per share – basic[2]	**0.29**	0.69	(58)
Per share – diluted[2]	**0.29**	0.68	(57)
Net income (loss) attributable to the shareholders of Calfrac	**(12,628)**	8,946	(241)
Per share – basic[2]	**(0.13)**	0.10	(230)
Per share – diluted[2]	**(0.13)**	0.10	(230)

As at	**March 31, 2015**	December 31, 2014	Change
(C$000s)	**($)**	($)	(%)
(unaudited)			
Working capital, end of period	**413,950**	441,234	(6)
Total assets, end of period	**2,123,753**	2,157,367	(2)
Long-term debt, end of period	**806,690**	738,386	9
Total equity, end of period	**818,825**	832,403	(2)

[1] Refer to "Non-GAAP Measures" on page 15 for further information.

[2] Comparative amounts were adjusted to reflect the Company's two-for-one common share split that occurred on June 2, 2014.

FIRST QUARTER 2015 OVERVIEW

In the first quarter of 2015, the Company:

- generated revenue of $600.4 million, a 10 percent increase from the first quarter of 2014 resulting primarily from higher activity in the United States and Latin America combined with the continued trend of greater service intensity and more stages completed per well in North America;
- reported operating income of $27.8 million versus $64.1 million in 2014, a decrease of 57 percent, mainly as a result of weaker pricing for the Company's services in Canada and the United States. Financial results in Argentina also contributed to the year-over-year decline in operating income due to higher costs associated with the importation of equipment and amendments to customer contracts, certain one-time costs being incurred, and lower pricing;
- reported a net loss attributable to shareholders of Calfrac of $12.6 million or $0.13 per share diluted compared to net income of $8.9 million or $0.10 per share diluted in 2014;
- reported period-end working capital of $414.0 million including cash of $51.1 million versus $441.2 million and 99.1 million at December 31, 2014, respectively;
- increased its syndicated credit facility from $300.0 million to $400.0 million of which $304.9 million was available at March 31, 2015; and
- incurred capital expenditures of $52.7 million, which were focused on the expansion of its fracturing fleets in Canada, the United States and Argentina.

FINANCIAL OVERVIEW - THREE MONTHS ENDED MARCH 31, 2015 VERSUS 2014

CANADA

Three Months Ended March 31,	**2015**	2014	Change
(C$000s, except operational information)	**($)**	($)	(%)
(unaudited)			
Revenue	**221,397**	267,674	(17)
Expenses			
Operating	**198,896**	210,519	(6)
SG&A	**2,045**	4,676	(56)
	200,941	215,195	(7)
Operating income[1]	**20,456**	52,479	(61)
Operating income (%)	**9.2**	19.6	(53)
Fracturing revenue per job ($)[2]	**41,063**	35,416	16
Number of fracturing jobs[2]	**5,132**	7,156	(28)
Pumping horsepower, end of period (000s)	**394**	392	1
Coiled tubing revenue per job ($)	**24,123**	27,377	(12)
Number of coiled tubing jobs	**442**	520	(15)
Coiled tubing units, end of period (#)	**18**	17	6

[1] Refer to “Non-GAAP Measures” on page 15 for further information.

[2] Comparative amounts have been adjusted to reflect job count as fracturing stages completed.

REVENUE

Revenue from Calfrac’s Canadian operations during the first quarter of 2015 was $221.4 million versus $267.7 million in the same period of 2014. The decrease was primarily due to a mix of lower pricing and lower activity for its fracturing services. Revenue per fracturing job increased by 16 percent from the same period in the prior year as a result of larger job sizes. Total proppant per reported fracturing job increased by 30 percent over the prior year while total proppant used declined by 7 percent. Coiled tubing jobs decreased by 15 percent from the prior year due to lower activity in the Viking oil play and less cleanout and milling work.

OPERATING INCOME

Operating income in Canada during the first quarter of 2015 was $20.5 million compared to $52.5 million in the same period of 2014. The decrease in operating income was the result of significantly lower pricing and utilization, cost reductions lagging changes in pricing, an early onset of spring break-up and an unplanned work stoppage in northeast British Columbia in mid-March. The impact of a weaker Canadian dollar on the cost of proppant that is sourced from the United States also contributed to the reduction in operating income. SG&A expenses declined by 56 percent year-over-year, primarily due to a reclassification of $1.8 million of employee costs from SG&A to operating costs.

UNITED STATES

Three Months Ended March 31,	**2015**	2014	Change
(C$000s, except operational and exchange rate information)	**($)**	($)	(%)
(unaudited)			
Revenue	**305,080**	211,039	45
Expenses			
Operating	**286,996**	183,905	56
SG&A	**6,733**	5,457	23
	293,729	189,362	55
Operating income[1]	**11,351**	21,677	(48)
Operating income (%)	**3.7**	10.3	(64)
Fracturing revenue per job ($)	**59,136**	55,100	7
Number of fracturing jobs	**5,007**	3,660	37
Pumping horsepower, end of period (000s)	**704**	672	5
Coiled tubing revenue per job ($)	**42,827**	72,785	(41)
Number of coiled tubing jobs	**34**	23	48
Coiled tubing units, end of period (#)	**5**	7	(29)
Cementing revenue per job ($)	**44,024**	33,621	31
Number of cementing jobs	**171**	229	(25)
Cementing units, end of period (#)	**18**	18	—
US$/C$ average exchange rate[2]	**1.2412**	1.1034	12

[1] Refer to "Non-GAAP Measures" on page 15 for further information.

[2] Source: Bank of Canada.

REVENUE

Revenue from Calfrac's United States operations increased to $305.1 million during the first quarter of 2015 from $211.0 million in the comparable quarter of 2014 due to higher fracturing activity and a stronger U.S. dollar. The growth in the number of fracturing jobs was primarily due to greater activity in south Texas, the Rockies and Pennsylvania. Revenue per job was higher year-over-year as the continued adoption of greater service intensity per job and a stronger U.S. dollar offset significantly weaker pricing. Proppant per fracturing job increased by 15 percent over the same period in the prior year while total proppant used increased by 57 percent.

OPERATING INCOME

Operating income in the United States was $11.4 million for the first quarter of 2015, a decrease of 48 percent from the comparative period in 2014. The decline was primarily due to significantly lower pricing, higher product costs and increased subcontractor costs. Calfrac's cost structure in the first quarter of 2015 reflected very little impact from the cost reduction initiatives that were implemented due to the lag effect of these actions. Operating income as a percentage of revenue declined materially from the first quarter of 2014 to 3.7 percent. The decline in the operating income percentage was due to lower pricing and higher subcontractor costs associated with sand hauling and storage. The Company also incurred higher district overhead costs to accommodate its larger scale of operations. SG&A expenses increased by 23 percent in the first quarter of 2015 over the same period in the prior year due to higher personnel costs to support the Company's expanded operations.

RUSSIA

Three Months Ended March 31,	**2015**	2014	Change
(C$000s, except operational and exchange rate information)	**($)**	($)	(%)
(unaudited)			
Revenue	**30,497**	38,914	(22)
Expenses			
Operating	**27,707**	36,472	(24)
SG&A	**1,328**	1,625	(18)
	29,035	38,097	(24)
Operating income[1]	**1,462**	817	79
Operating income (%)	**4.8**	2.1	129
Fracturing revenue per job ($)	**78,757**	108,316	(27)
Number of fracturing jobs	**329**	289	14
Pumping horsepower, end of period (000s)	**70**	70	—
Coiled tubing revenue per job ($)	**35,829**	58,543	(39)
Number of coiled tubing jobs	**128**	130	(2)
Coiled tubing units, end of period (#)	**7**	7	—
Rouble/C$ average exchange rate[2]	**0.0198**	0.0315	(37)

[1] Refer to "Non-GAAP Measures" on page 15 for further information.

[2] Source: Bank of Canada.

REVENUE

During the first quarter of 2015, revenue from Calfrac's Russian operations decreased by 22 percent to $30.5 million from $38.9 million in the corresponding three-month period of 2014. The decrease in revenue, which is generated in roubles, was primarily related to the 37 percent devaluation of the rouble in the first quarter of 2015 when compared to the first quarter of 2014. The decline in the rouble was partially offset by significantly higher fracturing activity in the Nefteugansk region. Revenue per fracturing job declined by 27 percent due to the currency devaluation but was partially offset by an increase in average job size and a modest pricing increase.

OPERATING INCOME

Operating income in Russia was $1.5 million during the first quarter of 2015 compared to $0.8 million in the corresponding period of 2014 due to fewer weather-related interruptions and improved operational leverage. Modest pricing increases also contributed to higher operating income during the quarter. SG&A expenses declined by 18 percent in the first quarter of 2015 due to a reduction in rouble-denominated costs.

LATIN AMERICA

Three Months Ended March 31,	**2015**	2014	Change
(C$000s, except operational and exchange rate information)	**($)**	($)	(%)
(unaudited)			
Revenue	**43,409**	30,011	45
Expenses			
Operating	**35,027**	21,207	65
SG&A	**3,988**	2,912	37
	39,015	24,119	62
Operating income[1]	**4,394**	5,892	(25)
Operating income (%)	**10.1**	19.6	(48)
Pumping horsepower, end of period (000s)	**91**	81	12
Cementing units, end of period (#)	**13**	13	—
Coiled tubing units, end of period (#)	**7**	3	133
Mexican peso/C$ average exchange rate[2]	**0.0830**	0.0834	—
Argentinean peso/C$ average exchange rate[2]	**0.1428**	0.1453	(2)

[1] Refer to "Non-GAAP Measures" on page 15 for further information.
[2] Source: Bank of Canada.

REVENUE

Calfrac's Latin American operations generated total revenue of $43.4 million during the first quarter of 2015 versus $30.0 million in the comparable three-month period in 2014. The increase resulted from the significant growth in fracturing and coiled tubing activity in Argentina, which included the start-up of a second unconventional crew in December 2014. The Company also experienced revenue growth in Catriel and Las Heras which are more focused on conventional activity. Activity in Mexico was muted during the first quarter of 2015.

OPERATING INCOME

Operating income in Latin America for the three months ended March 31, 2015 was $4.4 million compared to $5.9 million in the comparative quarter in 2014. Operating income in the first quarter of 2015 was lower due to higher costs associated with the importation of equipment and amendments to customer contracts, certain one-time costs and modestly lower pricing in Argentina. Calfrac is also currently using subcontractors for services such as flowback and well testing more regularly than in the first quarter of 2014.

CORPORATE

Three Months Ended March 31,	**2015**	2014	Change
(C$000s)	**($)**	($)	(%)
(unaudited)			
Expenses			
Operating	**1,305**	2,293	(43)
SG&A	**8,514**	14,455	(41)
	9,819	16,748	(41)
Operating loss[1]	**(9,819)**	(16,748)	(41)
% of Revenue	**1.6**	3.1	(48)

[1] Refer to "Non-GAAP Measures" on page 15 for further information.

OPERATING LOSS

The 41 percent decline in SG&A expenses from the first quarter of 2014 includes a reduction in stock-based compensation expense of $4.8 million resulting from a significant decline in the Company's stock price at the end of the quarter. In addition, the Company implemented several cost reduction initiatives during the first quarter of 2015 to better align its cost structure with anticipated activity levels. These initiatives contributed approximately $2.3 million to the overall decrease in corporate expenses primarily by reducing annual bonus expenses and corporate personnel costs.

DEPRECIATION

For the three months ended March 31, 2015, depreciation expense increased by 12 percent to $37.4 million from $33.5 million in the corresponding quarter of 2014. The increase was mainly a result of a larger fleet of equipment operating in the United States and, to a lesser extent Canada, combined with a weaker Canadian dollar relative to the United States dollar.

FOREIGN EXCHANGE LOSSES

The Company recorded a foreign exchange loss of $0.8 million during the first quarter of 2015 versus a loss of $2.8 million in the comparative three-month period of 2014. 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 first-quarter 2015 foreign exchange loss was largely attributable to the translation of U.S. dollar-denominated liabilities held in Argentina as the value of the Argentinean peso depreciated against the U.S. dollar during the first quarter. The foreign exchange loss was partially offset by United States dollar-denominated assets held in Canada.

INTEREST

The Company's net interest expense of $16.5 million for the first quarter of 2015 was $1.6 million higher than in the comparable period of 2014. Interest on U.S. dollar-denominated debt was higher due to a weaker Canadian dollar relative to the U.S. dollar increasing the reported interest expense. Loans on the Company's revolving credit facility were consistent with the comparable quarter in 2014.

INCOME TAXES

The Company recorded an income tax recovery of $13.1 million during the first quarter of 2015 compared to an expense of $2.6 million in the comparable period of 2014. The reversal to a recovery was the result of pre-tax losses incurred during the quarter. The effective tax recovery rate was 50 percent during the first quarter of 2015 compared to an effective tax rate of 22 percent in the comparable quarter in 2014. This was primarily due to a higher percentage of taxable losses in the United States, which has a higher average statutory tax rate and the effect of certain deductions that do not fluctuate with earnings.

LIQUIDITY AND CAPITAL RESOURCES

Three Months Ended March 31,	**2015**	2014
(C$000s)	**($)**	($)
(unaudited)		
Cash provided by (used in):		
Operating activities	**(9,766)**	19,779
Financing activities	**(6,985)**	(11,859)
Investing activities	**(54,143)**	(24,630)
Effect of exchange rate changes on cash and cash equivalents	**22,864**	(485)
Decrease in cash and cash equivalents	**(48,030)**	(17,195)

OPERATING ACTIVITIES

The Company's cash used in operating activities for the three months ended March 31, 2015 was $9.8 million versus $19.8 million provided by operating activities in the comparable quarter in 2014. The decline was primarily due to lower operating margins in Canada and the United States combined with the reduction of working capital during the quarter. At March 31, 2015, Calfrac's working capital was approximately $414.0 million, a 6 percent decrease from December 31, 2014.

FINANCING ACTIVITIES

Net cash used for financing activities for the three months ended March 31, 2015 was $7.0 million compared to $11.9 million in 2014. During the three months ended March 31, 2015, the Company increased its bank loan in Argentina by $5.1 million, paid cash dividends of $6.3 million, purchased $5.5 million of common shares, and paid $0.3 million in mortgage and capital lease financing.

On October 1, 2014, the Company extended the term of its credit facilities by one year to September 27, 2018. 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. On January 29, 2015, Calfrac exercised the accordion feature of its syndicated credit facility, which increased the total facility from $300.0 million to $400.0 million. The terms and conditions of the facility remain unchanged. The facilities consist of an operating facility of $30.0 million and a syndicated facility of $370.0 million. The interest rates are based on the parameters of certain bank covenants. For prime-based loans and U.S. base-rate loans, the rate ranges from prime or U.S. base rate plus 0.50 percent to prime plus 1.25 percent. 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. As at March 31, 2015, the Company had used $37.5 million of its credit facilities for letters of credit and had $57.6 million outstanding under its credit facility, leaving $304.9 million in available credit.

The Company's credit facilities contain certain financial covenants. Calfrac was in compliance with its financial covenants at March 31, 2015.

On June 2, 2014, the Company's common shares were split on a two-for-one basis to shareholders of record as of May 23, 2014. Calfrac pays a quarterly dividend of $0.125 per share to shareholders at the discretion of the Board of Directors. For Canadian income tax purposes, all dividends paid by Calfrac on its common shares are designated as "eligible dividends" unless otherwise indicated.

INVESTING ACTIVITIES

Calfrac's net cash used for investing activities was $54.1 million for the quarter ended March 31, 2015 versus $24.6 million for 2014. Cash outflows relating to capital expenditures were $52.7 million during 2015 compared to $27.3 million in 2014. Capital expenditures were primarily to support the Company's Canadian, United States and Argentinean fracturing operations.

Calfrac's 2015 capital program of $215.0 million includes carryover from 2014 of approximately $175.0 million. The Company's 2015 capital budget of $40.0 million will be used for sustaining, infrastructure and maintenance initiatives.

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 quarter of 2015 was a gain of $22.9 million versus a loss of $0.5 million during 2014. These gains and losses 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 2015 and beyond.

At March 31, 2015, the Company had cash and cash equivalents of $51.1 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 10 percent of the Company's issued and outstanding common shares. As at April 24, 2015, there were 95,867,589 common shares issued and outstanding, and 5,618,916 options to purchase common shares.

The Company has a Dividend Reinvestment Plan 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

The Company filed a Notice of Intention (the "Notice") to make a Normal Course Issuer Bid (NCIB) with the TSX on December 12, 2014. Under the NCIB, the Company may acquire up to 7,177,721 common shares, which was 10 percent of the public float outstanding as at December 10, 2014, during the period commencing on December 17, 2014 and terminating on December 16, 2015. The maximum number of common shares that can be acquired by the Company during a trading day is 117,011, 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 NCIB will be cancelled. During the three months ended March 31, 2015, the Company purchased 639,800 common shares under the NCIB at a cost of $5.5 million. A copy of the 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.

SUMMARY OF QUARTERLY RESULTS

Three Months Ended	Jun. 30, 2013	Sep. 30, 2013	Dec. 31, 2013	Mar. 31, 2014	Jun. 30, 2014	Sep. 30, 2014	Dec. 31, 2014	**Mar. 31, 2015**
(unaudited)	($)	($)	($)	($)	($)	($)	($)	**($)**
Financial								
(C$000s, except per share and operating data)								
Revenue	288,701	388,662	463,054	547,638	502,957	697,440	748,896	**600,383**
Operating income[1]	16,307	51,683	57,416	64,117	44,833	126,058	122,202	**27,844**
Per share - basic[2]	0.18	0.56	0.62	0.69	0.48	1.33	1.29	**0.29**
Per share - diluted[2]	0.18	0.56	0.62	0.68	0.47	1.32	1.28	**0.29**
Net income (loss) attributable to the shareholders of Calfrac	(14,584)	6,089	11,764	8,946	(12,905)	44,465	26,470	**(12,628)**
Per share - basic[2]	(0.16)	0.07	0.13	0.10	(0.14)	0.47	0.28	**(0.13)**
Per share - diluted[2]	(0.16)	0.07	0.13	0.10	(0.14)	0.46	0.28	**(0.13)**
Capital expenditures	46,618	34,683	45,227	27,331	35,312	62,909	52,033	**52,669**
Working capital (end of period)	319,982	292,854	319,934	338,916	334,320	393,653	441,234	**413,950**
Total equity (end of period)	784,247	786,933	795,207	803,904	794,615	828,537	832,403	**818,825**
Operating (end of period)								
Pumping horsepower (000s)	1,025	1,025	1,194	1,215	1,217	1,235	1,254	**1,259**
Coiled tubing units (#)	29	31	38	34	36	36	36	**37**
Cementing units (#)	30	30	31	31	31	31	31	**31**

[1] Refer to "Non-GAAP Measures" on page 15 for further information.

[2] Comparative amounts were adjusted to reflect the Company's two-for-one common share split that occurred on June 2, 2014.

SEASONALITY OF OPERATIONS

The Company's North American business is 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 weather conditions and access to well sites in Canada and North Dakota is reduced (refer to "Business Risks – Seasonality" in the 2014 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 exchange rates for United States, Russian, Mexican and Argentinean currency (refer to "Business Risks – Fluctuations in Foreign Exchange Rates" in the 2014 Annual Report).

OUTLOOK

Crude oil prices appear to have stabilized in recent months, but at a price range significantly lower than in 2014. It is anticipated that the oilfield services industry's equipment utilization and pricing will continue to be adversely affected for at least the remainder of the year. Recent industry reports have indicated that North American oil and gas capital spending will be down by 35 to 40 percent in 2015 from 2014. Furthermore, customers are taking a cautious approach in setting capital budgets which is expected to create lower activity in the second half of 2015.

Natural gas prices have declined modestly in recent months due to stronger-than-expected supply growth and a return to storage levels around the five-year average. Natural gas liquids pricing, which had been a key factor in natural gas development in Canada and the United States, has also declined significantly. The anticipated impact of these developments is a reduction in activity in key natural gas plays in North America in 2015.

Calfrac believes that there will not be a meaningful recovery in commodity prices during 2015 and that future oil and natural gas prices will remain at levels significantly lower than those experienced in recent years. The Company is working to restructure its business so that it can achieve profitability in a lower commodity price environment.

Calfrac has implemented its first phase of cost rationalization initiatives and the Company will continue to execute its plan to prudently manage its cost structure. The Company intends to protect its best people in order to remain financially and operationally strong over the long-term. Calfrac's cost rationalization initiatives include (1) annual SG&A cost reductions in excess of $25 million from 2014, which includes a reduction in the Board of Directors' cash compensation

by 20 percent and executive salaries by 10 percent effective April 1, 2015 as well as reduced stock-based compensation expense and no annual bonuses; (2) salary reductions ranging from 2 percent to 8 percent for all staff-level employees; (3) restructuring the organization at all levels for expected activity in 2015 which includes an approximate 20 percent reduction in the Company's headcount from year-end 2014 to date; (4) working with suppliers to reduce the costs of key inputs; (5) parking equipment if operating margins do not meet the Company's financial return requirements; and (6) closing underperforming regions and service lines that are not key to Calfrac's long-term strategic goals, such as the Company's Colombian operations, as well as certain coiled tubing operations in the U.S. and Canada.

In addition, the Company believes that it has created a competitive advantage and attained cost efficiencies through the implementation of several logistics initiatives over the past few years. The logistics group has reduced costs for key inputs such as proppant and chemicals. Diesel fuel, a key input into operations, has fallen considerably in cost due to the decline in crude oil prices. Third-party trucking costs have also been lowered by attaining pricing concessions and more efficient use of its internal fleet. Calfrac continues to analyze additional measures that it can employ to further lower its cost structure and optimize its supply chain and logistical network throughout North America.

CANADA

Horizontal well completion activity is expected to be significantly lower in 2015 than in 2014. Visibility after spring break-up is limited due to low commodity prices. Calfrac is anticipating that reduced activity experienced during spring break-up will extend into the third quarter of 2015 and for activity to be at the lowest levels experienced since 2009. Activity in the fourth quarter will depend on whether there is a recovery in oil and natural gas prices. In response, Calfrac plans to temporarily idle approximately 40 percent of its fracturing equipment.

Calfrac intends to retain its leadership position in western Canada's most important natural gas and natural gas liquids plays and expects to be a key participant in their long-term development. However, the weakening of natural gas and natural gas liquids prices is expected to lead to lower activity in the second half of 2015 from the second half of 2014.

Calfrac expects oil-focused activity to be significantly lower for the remainder of 2015 than in 2014. A recovery in oil prices would, however, result in a relatively quick response in activity in the Viking and Cardium plays. The Company believes these areas will be an important component of its growth in the medium to long term.

UNITED STATES

In the United States, the Company anticipates that activity in the second quarter of 2015 will be significantly lower than in the first quarter of the year. Visibility for activity beyond the second quarter remains limited given the ongoing changes in capital spending plans by the Company's customers and competitive pricing dynamics. Calfrac intends to focus on reducing the impact of these weakened market conditions by executing its long-range strategic plan of generating economies of scale in each of the plays where it operates, aligning itself with large, stable customers and providing industry-leading service quality as measured by a low amount of non-productive time and high safety standards.

Sporadic activity and weak pricing is expected to lead to the Company temporarily idling up to one-third of its fracturing equipment during the second quarter of 2015 due to margins that are not anticipated to meet the Company's required financial returns. The Company believes this is a prudent step in ensuring a high level of quality and safety from its fleet. Calfrac also has a plan in place to ensure that the equipment is kept up to its high standards and can be reactivated quickly when industry activity recovers.

LATIN AMERICA

Calfrac continues to believe in the long-term potential of Argentina's conventional and unconventional oil and gas development. The increasing customer demand for the Company's services is providing the opportunity to deploy additional equipment into the country, such as the equipment delivered in December 2014 and an additional 40,000 horsepower, which is scheduled to be deployed in the latter part of 2015. Calfrac believes that its service quality and technical expertise are developing its reputation as a service provider of choice in Argentina, thereby providing the foundation for long-term growth. Calfrac's technical expertise was evident when it recently completed Argentina's first 12-stage ball drop completion using approximately 30 tonnes of sand per stage.

In Mexico, Calfrac remains optimistic regarding activity in the longer term as the national reform of the energy industry is proceeding. Calfrac believes this will eventually set the stage for increased capital spending by Pemex and create an avenue for new oil and gas companies to enter Mexico.

RUSSIA

Calfrac expects its activity in Russia in 2015 to be similar to 2014, outside of normal weather-related variability. Calfrac's participation in unconventional development will be delayed until sanctions applied by Canada, the United States and certain other jurisdictions are removed. The significant devaluation of the Russian rouble will decrease reported 2015

financial results versus 2014. The long-term prospects in Russia, however, remain encouraging as unconventional development has become a pillar of that country's oil and natural gas growth plans.

DIVIDEND POLICY

Calfrac's Board of Directors reviews the Company's dividend policy on a quarterly basis. The Company's second quarter dividend is typically declared in mid-June and is paid in mid-July. The Board of Directors will continue to monitor market conditions in order to determine whether a change to Calfrac's dividend policy is advisable.

SUMMARY

Oil and natural gas price headwinds are likely to make the remainder of 2015 challenging for the entire industry, but Calfrac believes it has a well-defined strategy to manage the near-term challenges and remains optimistic about its future opportunities. The Company has an experienced Board of Directors and management team that have been through a number of industry downturns leaving Calfrac well-positioned to navigate the current downturn. As well, the Company has taken advantage of market opportunities in previous industry downturns to strengthen its operations or competitive position, which has had a positive effect on operations when industry activity has recovered. Over the long term, Calfrac believes that the pressure pumping services industry will remain an integral component of unconventional resource development and that the Company's top-tier safety, logistics management, service quality and technology will serve to generate cost efficiencies for its customers and profitability for Calfrac.

NON-GAAP MEASURES

Certain supplementary measures in this MD&A do not have any standardized meaning under IFRS and, because IFRS have been incorporated as Canadian generally accepted accounting principles (GAAP), 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 is defined as net income before depreciation, foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, interest, 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 for the year was calculated as follows:

Three Months Ended March 31,	**2015**	2014
(C$000s)	($)	($)
(unaudited)		
Net income	**(12,940)**	9,420
Add back (deduct):		
Depreciation	**37,414**	33,521
Foreign exchange losses	**755**	2,842
(Gain) loss on disposal of property, plant and equipment	**(731)**	840
Interest	**16,483**	14,914
Income taxes	**(13,137)**	2,580
Operating income	**27,844**	64,117

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 property, plant and equipment as disclosed in the Company's 2014 annual consolidated financial statements.

GREEK LITIGATION

As described in note 16 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 a material financial impact to the Company as a result of these claims. Consequently, no provision was recorded in the consolidated financial statements.

U.S. LITIGATION

As described in note 16 to the interim consolidated financial statements, a collective and class action complaint was filed against the Company in September 2012 in the U.S. District Court for the Western District of Pennsylvania, alleging failure to pay U.S. employees the amount of overtime pay required by the Fair Labor Standards Act and the Pennsylvania Minimum Wage Act. The Company and the plaintiffs have now reached a tentative settlement of all claims, including certain potential, related claims, that is subject to court approval. The US$4.0 million provision recorded by the Company represents its current best estimate of the projected net cost of the settlement. The Company does not have insurance coverage for these claims.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This MD&A is based on the Company's consolidated financial statements for the three months ended March 31, 2015 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 annual 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 gained or the environment in which the Company operates changes. The accounting policies and practices requiring 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 creditworthiness of a customer is uncertain, services are provided on receipt of cash in advance or services are declined. Calfrac's management believes that the provision for doubtful accounts receivable, which was $2.1 million at March 31, 2015, is adequate.

DEPRECIATION

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

FINANCIAL INSTRUMENTS

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

The fair values of these financial instruments, 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 value of the remaining long-term debt approximates its carrying value.

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.

The Company completed its annual assessment for goodwill impairment, determined that the recoverable amount for its Russian operating segment was less than its carrying amount, and recorded a goodwill impairment charge of $1.0 million for the year ended December 31, 2014 (year ended December 31, 2013 - $nil). There were no triggers or indications of impairment that warranted an assessment of goodwill impairment during the three months ended March 31, 2015.

IMPAIRMENT

Assessment of impairment is based on management's judgment of whether there are internal and external factors that would indicate that an asset or cash-generating unit is impaired.

During the fourth quarter of 2014, the Company carried out a comprehensive review of its property, plant and equipment and identified items that were permanently idle or obsolete and, therefore, no longer able to generate cash inflows. These were written down to their recoverable amount, incurring an impairment charge of $4.6 million for the year ended December 31, 2014 (year ended December 31, 2013 - $nil). There were no triggers or indications of impairment that warranted an assessment of impairment of the Company's property, plant and equipment during the three months ended March 31, 2015.

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

FUNCTIONAL CURRENCY

Management applies judgment in determining the functional currency of its foreign subsidiaries. Judgment is made with regard 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 regarding 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. The loan was amended in February 2015 to extend the term by five years to November 8, 2020 and change the interest rate to the prescribed rate under the Income Tax Act (Canada), which rate was 1.00% per annum at the time of the amendment. The market value of the shares that secure the loan was approximately $1.4 million as at March 31, 2015 (December 31, 2014 – $1.7 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 during the three months ended March 31, 2015 was $208,000 (three months ended March 31, 2014 – $202,000), as measured at the exchange amount.

CHANGES IN ACCOUNTING POLICIES

No new IFRS or interpretations from the International Financial Reporting Interpretations Committee came into effect for the year beginning on or after January 1, 2015 that had a material impact on the Company.

RECENT ACCOUNTING PRONOUNCEMENTS

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2015 with earlier application permitted. The Company does not expect these standards to have a significant effect on its consolidated financial statements:

The International Accounting Standards Board (IASB) issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2017, with earlier adoption permitted. IFRS 15 will come into effect for annual periods beginning on or after January 1, 2017.

The IASB completed the final elements of IFRS 9 *Financial Instruments*. The Standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, a single 'expected loss' impairment model and a substantially reformed approach to hedge accounting. IFRS 9 will come into effect for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting that occurred during the interim period ended March 31, 2015 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 "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "forecast" or similar words suggesting future outcomes, are forward-looking statements.

In particular, forward-looking statements in this MD&A include, but are not limited to, statements with respect to expected operating strategies and targets, capital expenditure programs, future financial resources, anticipated equipment utilization levels, future oil and natural gas well activity in each of the Company's operating jurisdictions, results of acquisitions, the impact of environmental regulations and economic reforms and sanctions on the Company's business, future costs or potential liabilities, projections of market prices and costs, supply and demand for oilfield services, expectations regarding the Company's ability to maintain its competitive position, anticipated benefits of the Company's competitive position, expectations regarding the Company's ability to raise capital, treatment under government regulatory regimes, commodity prices, anticipated outcomes of specific events, trends in, and the growth prospects of,

the global 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 perception 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 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 increasing the use of 24-hour operations in North America, the effectiveness of the cost reduction measures instituted by the Company in response to the significant decrease in commodity prices and expected oilfield activity in 2015, 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. Such risk factors include: general economic conditions in Canada, the United States, Russia, Mexico, Argentina and Colombia; the demand for fracturing and other stimulation services during drilling and completion of oil and natural gas wells; volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally; regional competition; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; changes in legislation and the regulatory environment; sourcing, pricing and availability of raw materials, components, parts, equipment, suppliers, facilities and skilled personnel; the ability to integrate technological advances and match advances by competitors; the availability of capital on satisfactory terms; intellectual property risks; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; dependence on, and concentration of, major customers; the creditworthiness and performance by the Company's counterparties and customers; liabilities and risks associated with prior operations; the effect of accounting pronouncements issued periodically; failure to realize anticipated benefits of acquisitions and dispositions; and currency exchange rate risk. Further information about these and other risks and uncertainties may be found under "Business Risks" above.

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. These statements speak only as of the respective date of this MD&A or the document incorporated by reference herein. 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 (C$000s) (unaudited)	**March 31, 2015** ($)	December 31, 2014 ($)
ASSETS		
Current assets		
Cash and cash equivalents	**51,099**	99,129
Accounts receivable	**439,566**	521,137
Inventories	**191,175**	182,161
Prepaid expenses and deposits	**20,323**	16,871
	702,163	819,298
Non-current assets		
Property, plant and equipment	**1,382,907**	1,302,939
Goodwill	**9,544**	9,544
Deferred income tax assets	**29,139**	25,586
Total assets	**2,123,753**	2,157,367
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**258,738**	356,933
Income taxes payable	**6,117**	3,856
Bank loan (note 3)	**22,377**	16,388
Current portion of long-term debt (note 4)	**471**	429
Current portion of finance lease obligations (note 5)	**510**	458
	288,213	378,064
Non-current liabilities		
Long-term debt (note 4)	**806,690**	738,386
Finance lease obligations (note 5)	**973**	1,048
Other long-term liabilities	**4,433**	4,060
Deferred income tax liabilities	**204,619**	203,406
Total liabilities	**1,304,928**	1,324,964
Equity attributable to the shareholders of Calfrac		
Capital stock (note 6)	**381,017**	377,975
Contributed surplus (note 8)	**25,551**	24,767
Loan receivable for purchase of common shares (note 13)	**(2,500)**	(2,500)
Retained earnings	**432,099**	459,891
Accumulated other comprehensive loss	**(16,040)**	(26,757)
	820,127	833,376
Non-controlling interest	**(1,302)**	(973)
Total equity	**818,825**	832,403
Total liabilities and equity	**2,123,753**	2,157,367

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

Three Months Ended March 31,	**2015**	2014
(C$000s, except per share data)	($)	($)
(unaudited)		
Revenue	**600,383**	547,638
Cost of sales (note 14)	**587,345**	487,917
Gross profit	**13,038**	59,721
Expenses		
Selling, general and administrative	**22,608**	29,125
Foreign exchange losses	**755**	2,842
(Gain) loss on disposal of property, plant and equipment	**(731)**	840
Interest	**16,483**	14,914
	39,115	47,721
Income (loss) before income tax	**(26,077)**	12,000
Income tax expense (recovery)		
Current	**1,372**	655
Deferred	**(14,509)**	1,925
	(13,137)	2,580
Net income (loss)	**(12,940)**	9,420
Net income (loss) attributable to:		
Shareholders of Calfrac	**(12,628)**	8,946
Non-controlling interest	**(312)**	474
	(12,940)	9,420
Earnings (loss) per share (note 6)		
Basic	**(0.13)**	0.10
Diluted	**(0.13)**	0.10

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Three Months Ended March 31,	**2015**	2014
(C$000s)	**($)**	($)
(unaudited)		
Net income (loss)	**(12,940)**	9,420
Other comprehensive income (loss)		
Items that may be subsequently reclassified to profit or loss:		
Change in foreign currency translation adjustment	**10,700**	(3,095)
Comprehensive income (loss)	**(2,240)**	6,325
Comprehensive income (loss) attributable to:		
Shareholders of Calfrac	**(1,911)**	5,775
Non-controlling interest	**(329)**	550
	(2,240)	6,325

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, 2015	**377,975**	**24,767**	**(2,500)**	**(26,757)**	**459,891**	**833,376**	**(973)**	**832,403**
Net income (loss)	—	—	—	—	(12,628)	(12,628)	(312)	**(12,940)**
Other comprehensive income (loss):								
Cumulative translation adjustment	—	—	—	10,717	—	10,717	(17)	**10,700**
Comprehensive income (loss)	—	—	—	10,717	(12,628)	(1,911)	(329)	**(2,240)**
Stock options:								
Stock-based compensation recognized	—	784	—	—	—	784	—	**784**
Dividend Reinvestment Plan shares issued (note 19)	5,588	—	—	—	—	5,588	—	**5,588**
Dividends	—	—	—	—	(12,190)	(12,190)	—	**(12,190)**
Shares purchased under NCIB (note 7)	(2,546)	—	—	—	(2,974)	(5,520)	—	**(5,520)**
Balance – March 31, 2015	**381,017**	**25,551**	**(2,500)**	**(16,040)**	**432,099**	**820,127**	**(1,302)**	**818,825**
Balance – January 1, 2014	332,287	27,658	(2,500)	(839)	440,179	796,785	(1,578)	**795,207**
Net income	—	—	—	—	8,946	8,946	474	**9,420**
Other comprehensive income (loss):								
Cumulative translation adjustment	—	—	—	(3,171)	—	(3,171)	76	**(3,095)**
Comprehensive income (loss)	—	—	—	(3,171)	8,946	5,775	550	**6,325**
Stock options:								
Stock-based compensation recognized	—	1,089	—	—	—	1,089	—	**1,089**
Proceeds from issuance of shares	11,744	(2,982)	—	—	—	8,762	—	**8,762**
Dividend Reinvestment Plan shares issued (note 19)	4,220	—	—	—	—	4,220	—	**4,220**
Dividends	—	—	—	—	(11,699)	(11,699)	—	**(11,699)**
Balance – March 31, 2014	348,251	25,765	(2,500)	(4,010)	437,426	804,932	(1,028)	**803,904**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended March 31,	**2015**	2014
(C$000s)	**($)**	($)
(unaudited)		
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net income (loss)	**(12,940)**	9,420
Adjusted for the following:		
Depreciation	**37,414**	33,521
Stock-based compensation	**784**	1,089
Unrealized foreign exchange (gains) losses	**(2,575)**	5,295
(Gain) loss on disposal of property, plant and equipment	**(731)**	840
Interest	**16,483**	14,914
Deferred income taxes	**(14,509)**	1,925
Interest paid	**(1,473)**	(1,879)
Changes in items of working capital (note 11)	**(32,219)**	(45,346)
Cash flows (used in) provided by operating activities	**(9,766)**	19,779
FINANCING ACTIVITIES		
Bank loan proceeds	**8,298**	4,218
Issuance of long-term debt, net of debt issuance costs	**21**	—
Bank loan repayments	**(3,202)**	(6,321)
Long-term debt repayments	**(152)**	(11,164)
Finance lease obligation repayments	**(111)**	—
Shares purchased under NCIB (note 7)	**(5,520)**	—
Net proceeds on issuance of common shares	**—**	8,762
Dividends paid, net of DRIP (note 19)	**(6,319)**	(7,354)
Cash flows used in financing activities	**(6,985)**	(11,859)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment (note 11)	**(61,658)**	(24,925)
Proceeds on disposal of property, plant and equipment	**7,515**	295
Cash flows used in investing activities	**(54,143)**	(24,630)
Effect of exchange rate changes on cash and cash equivalents	**22,864**	(485)
Decrease in cash and cash equivalents	**(48,030)**	(17,195)
Cash and cash equivalents, beginning of period	**99,129**	42,195
Cash and cash equivalents, end of period	**51,099**	25,000

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2015 and 2014

(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 AND BASIS OF PRESENTATION

Calfrac Well Services Ltd. (the "Company") was formed through the amalgamation of Calfrac Well Services Ltd. (predecessor company originally incorporated on June 28, 1999) and Denison Energy Inc. ("Denison") on March 24, 2004 under the Business Corporations Act (Alberta). The registered office is at 411 – 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1E3. The Company provides specialized oilfield services, including hydraulic fracturing, coiled tubing, cementing and other well completion services to the oil and natural gas industries in Canada, the United States, Russia, 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, 2014. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies were always in effect.

These financial statements were approved by the Audit Committee of the Board of Directors for issuance on April 28, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim 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.

3. BANK LOAN

The Company's Argentinean subsidiary has two operating lines of credit, and a total of ARS155,748 ($22,377) was drawn at March 31, 2015 (December 31, 2014 - ARS120,792 ($16,388)). The interest rate ranges from 27.0 percent to 48.0 percent per annum and both lines of credit are secured by letters of credit issued by the Company.

4. LONG-TERM DEBT

As at	**March 31, 2015**	December 31, 2014
(C$000s)	**($)**	($)
US$600,000 senior unsecured notes due December 1, 2020, bearing interest at 7.50% payable semi-annually	**759,960**	696,060
Less: unamortized debt issuance costs and debt discount	**(10,884)**	(10,404)
	749,076	685,656
$370,000 extendible revolving term loan facility, secured by Canadian and U.S. assets of the Company	**57,630**	52,785
Less: unamortized debt issuance costs	**(1,036)**	(1,133)
	56,594	51,652
US$1,177 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	**1,491**	1,507
	807,161	738,815
Less: current portion of long–term debt	**(471)**	(429)
	806,690	738,386

The fair value of the senior unsecured notes, as measured based on the closing quoted market price at March 31, 2015, was $676,364 (December 31, 2014 - $595,131). 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 $370,000 revolving term loan facility is based on the parameters of certain bank covenants. For prime-based loans, the rate ranges from prime plus 0.50 percent to prime plus 1.25 percent. 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, 2018, assuming it 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 and debt discount) for the three months ended March 31, 2015 was $14,953 (year ended December 31, 2014 - $54,076).

The Company also has an extendible operating loan facility, which includes overdraft protection in the amount of $30,000. 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, 2018, 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 revolving term loan and operating facilities are secured by the Company's Canadian and U.S. assets.

On January 29, 2015, the Company exercised an "accordion" feature contained in the terms of its loan facility and increased the facility from $300,000 to $400,000. The facility's terms and conditions remain unchanged.

At March 31, 2015, the Company had utilized $37,460 of its loan facility for letters of credit and had $57,630 outstanding under its credit facility, leaving $304,910 in available credit.

5. FINANCE LEASE OBLIGATIONS

As at	**March 31, 2015**	December 31, 2014
(C$000s)	**($)**	($)
Finance lease contracts bearing interest at 20.5%, repayable at ARS445 per month, secured by equipment under the lease	**1,903**	1,978
Less: interest portion of contractual payments	**(420)**	(472)
	1,483	1,506
Less: current portion of finance lease obligations	**(510)**	(458)
	973	1,048

The carrying values of the finance lease obligations in Argentina approximate their fair values as the interest rates are not significantly different from current rates for similar leases in Argentina.

6. CAPITAL STOCK

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

	Three Months Ended March 31, 2015		Year Ended December 31, 2014	
Continuity of Common Shares	**Shares**	**Amount**	Shares	Amount
	(#)	**(C$000s)**	(#)	(C$000s)
Balance, beginning of period	**95,252,559**	**377,975**	92,597,148	332,287
Issued upon exercise of stock options	**—**	**—**	1,537,775	27,722
Dividend Reinvestment Plan shares issued (note 19)	**671,643**	**5,588**	1,123,296	18,011
Shares purchased under NCIB (note 7)	**(639,800)**	**(2,546)**	—	—
Shares cancelled (note 8)	**—**	**—**	(5,660)	(45)
Balance, end of period	**95,284,402**	**381,017**	95,252,559	377,975

The weighted average number of common shares outstanding for the three months ended March 31, 2015 was 95,230,498 basic and 95,399,698 diluted (three months ended March 31, 2014 - 92,926,982 basic and 93,631,164 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 9.

On May 8, 2014, the Company's shareholders approved a split of its common shares on a two-for-one basis to all shareholders of record as of May 23, 2014. The weighted average numbers of shares, stock options and share-based plans (such as restricted share units, deferred share units and performance share units) for all periods presented have been adjusted for this two-for-one share split, without a corresponding change in dollar amounts. Earnings per share have been adjusted to reflect the impact of the two-for-one share split.

7. NORMAL COURSE ISSUER BID

The Company received regulatory approval to purchase its own common shares in accordance with a Normal Course Issuer Bid (NCIB) for the one-year period December 17, 2014 through December 16, 2015. During the three months ended March 31, 2015, 639,800 common shares were purchased at a cost of $5,520 and, of the amount paid, $2,546 was charged to capital stock and $2,974 to retained earnings. These common shares were cancelled prior to March 31, 2015 (three months ended March 31, 2014 - $nil).

8. CONTRIBUTED SURPLUS

Continuity of Contributed Surplus	**Three Months Ended March 31, 2015**	Year Ended December 31, 2014
(C$000s)	($)	($)
Balance, beginning of period	**24,767**	27,658
Stock options expensed	**784**	4,138
Stock options exercised	**—**	(7,095)
Shares cancelled	**—**	66
Balance, end of period	**25,551**	24,767

On November 10, 2009, the Company acquired all of the issued and outstanding shares of Century Oilfield Services Inc. ("Century"). The Plan of Arrangement that governed the acquisition included a five-year "sunset clause" which provided that untendered shares would be surrendered to the Company after five years. Effective November 10, 2014, 5,660 common shares of the Company previously held in trust for untendered shareholders were cancelled. In addition, residual proceeds of $21 previously held in trust for untendered shareholders were returned to the Company.

For accounting purposes, the cancellation of the 5,660 common shares was recorded as a reduction of capital stock in the amount of $45. Along with the residual cash received, a corresponding increase in contributed surplus was recorded in the amount of $66.

9. STOCK-BASED COMPENSATION

(a) Stock Options

Three Months Ended March 31,	**2015**		2014	
Continuity of Stock Options	**Options**	**Average Exercise Price**	Options	Average Exercise Price
	(#)	(C$)	(#)	(C$)
Balance, January 1	**4,269,050**	**14.76**	5,002,750	13.99
Granted during the period	**1,533,150**	**9.84**	1,183,500	15.60
Exercised for common shares	**—**	**—**	(711,650)	12.31
Forfeited	**(109,284)**	**12.58**	(87,600)	15.25
Expired	**(5,000)**	**10.84**	—	—
Balance, March 31	**5,687,916**	**13.48**	5,387,000	14.55

Stock options vest equally over four years and expire five years from the date of grant. The exercise price of outstanding options ranges from $8.37 to $20.81 with a weighted average remaining life of 2.97 years. When stock options are exercised, the proceeds together with the compensation expense previously recorded in contributed surplus, are added to capital stock.

For the three months ended March 31, 2015, $784 of compensation expense was recognized for stock options (three months ended March 31, 2014 - $1,089) and was included in selling, general and administrative expenses.

(b) Share Units

Three Months Ended March 31,	**2015**			2014		
Continuity of Stock Units	**Deferred Share Units**	**Performance Share Units**	**Restricted Share Units**	Deferred Share Units	Performance Share Units	Restricted Share Units
	(#)	**(#)**	**(#)**	(#)	(#)	(#)
Balance, January 1	**70,000**	**120,000**	**1,346,642**	70,000	90,000	1,027,590
Granted during the period	**72,500**	**178,995**	**900,500**	70,000	120,000	737,300
Exercised	**(70,000)**	**(60,000)**	**(614,464)**	(70,000)	(90,000)	(391,014)
Forfeited	**—**	**—**	**(62,382)**	—	—	(18,388)
Balance, March 31	**72,500**	**238,995**	**1,570,296**	70,000	120,000	1,355,488

The Company grants deferred share units to its outside directors. These units vest in November of the year of grant and are settled either in cash (equal to the market value of the underlying shares at the time of exercise) or in Company shares purchased on the open market. The fair value of the deferred share units is recognized equally over the vesting period, based on the current market price of the Company's shares. During the three months ended March 31, 2015, $120 of compensation expense was recognized for deferred share units (three months ended March 31, 2014 - $311). This amount is included in selling, general and administrative expenses. At March 31, 2015, the liability pertaining to deferred share units was $151 (December 31, 2014 - $701).

The Company grants performance share units to a senior officer who does 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 share units, performance share units are settled either in cash or Company shares purchased on the open market. During the three months ended March 31, 2015, $165 of compensation expense was recognized for performance share units (three months ended March 31, 2014 - $607). This amount is included in selling, general and administrative expenses. At March 31, 2015, the liability pertaining to performance share units was $1,033 (December 31, 2014 - $868).

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 three months ended March 31, 2015, $(205) of compensation

expense was recognized for restricted share units (three months ended March 31, 2014 - $3,632). This amount is included in selling, general and administrative expenses. At March 31, 2015, the liability pertaining to restricted share units was $3,410 (December 31, 2014 - $9,602).

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

10. FINANCIAL INSTRUMENTS

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

The fair values of these financial instruments, except long-term debt, approximate their carrying amounts due to the short-term maturity of those instruments. The fair value of the senior unsecured notes based on the closing market price at March 31, 2015 was $676,364 before deduction of unamortized debt issuance costs (December 31, 2014 – $595,131). The carrying value of the senior unsecured notes at March 31, 2015 was $759,960 before deduction of unamortized debt issuance costs and debt discount (December 31, 2014 – $696,060). The fair values of the remaining long-term debt and finance lease obligations approximate their carrying values, as described in notes 4 and 5.

11. SUPPLEMENTAL CASH FLOW INFORMATION

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

Three Months Ended March 31,	**2015**	2014
(C$000s)	**($)**	($)
Accounts receivable	**81,571**	(46,228)
Inventory	**(9,014)**	(2,041)
Prepaid expenses and deposits	**(3,452)**	1,571
Accounts payable and accrued liabilities	**(103,958)**	1,769
Income taxes payable	**2,261**	(362)
Other long-term liabilities	**373**	(55)
	(32,219)	(45,346)

Purchase of property, plant and equipment is comprised of:

Three Months Ended March 31,	**2015**	2014
(C$000s)	**($)**	($)
Property, plant and equipment additions	**(52,669)**	(27,331)
Change in liabilities related to purchase of property, plant and equipment	**(8,989)**	2,406
	(61,658)	(24,925)

12. CAPITAL STRUCTURE

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

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

The Company monitors its capital structure and financing requirements using, amongst other parameters, the ratio of net debt to operating income. Operating income for this purpose is calculated on a 12-month trailing basis and is defined as follows:

For the Twelve Months Ended	**March 31, 2015**	December 31, 2014
(C$000s)	**($)**	($)
Net income	**45,142**	67,502
Adjusted for the following:		
Depreciation	**143,288**	139,395
Foreign exchange losses	**28,080**	30,167
Loss on disposal of property, plant and equipment	**6**	1,577
Interest	**61,153**	59,584
Provision for settlement of litigation (note 16)	**4,640**	4,640
Impairment of property, plant and equipment	**4,620**	4,620
Impairment of goodwill	**979**	979
Income taxes	**33,029**	48,746
Operating income	**320,937**	357,210

Net debt for this purpose is calculated as follows:

	March 31, 2015	December 31, 2014
(C$000s)	**($)**	($)
Long-term debt, net of debt issuance costs and debt discount (note 4)	**807,161**	738,815
Bank loan (note 3)	**22,377**	16,388
Finance lease obligation (note 5)	**1,483**	1,506
Less: cash and cash equivalents	**(51,099)**	(99,129)
Net debt	**779,922**	657,580

The ratio of net debt to operating income does not have a standardized meaning under IFRS and may not be comparable to similar measures used by other companies.

At March 31, 2015, the net debt to operating income ratio was 2.43:1 (December 31, 2014 - 1.84:1) calculated on a 12-month trailing basis as follows:

For The Twelve Months Ended	**March 31, 2015**	December 31, 2014
(C$000s, except ratio)	**($)**	($)
Net debt	**779,922**	657,580
Operating income	**320,937**	357,210
Net debt to operating income ratio	**2.43:1**	1.84:1

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 and targets remain unchanged from prior periods. However, the evaluation measure was changed from prior periods as the net debt to operating income ratio was adopted in the third quarter of 2014.

13. 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. The loan was amended in February 2015 to extend the term by five years to November 8, 2020 and change the interest rate to the prescribed rate under the Income Tax Act (Canada), which rate was 1.0% per annum at the time of the amendment. The market value of the shares that secure the loan was approximately $1,411 as at March 31, 2015 (December 31, 2014 - $1,694). 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 during the three months ended March 31, 2015 was $208 (three months ended March 31, 2014 - $202), as measured at the exchange amount.

14. 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:

Three Months Ended March 31,	**2015**	2014
(C$000s)	**($)**	($)
Product costs	**208,999**	167,480
Depreciation	**37,414**	33,521
Amortization of debt issuance costs and debt discount	**542**	510
Employee benefits expense (note 15)	**145,178**	119,921

15. EMPLOYEE BENEFITS EXPENSE

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

Three Months Ended March 31,	**2015**	2014
(C$000s)	**($)**	($)
Salaries and short-term employee benefits	**142,821**	112,437
Post-employment benefits (group retirement savings plan)	**1,316**	1,104
Share-based payments	**864**	5,640
Termination benefits	**177**	740
	145,178	119,921

16. 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 $9,321 (6,846 euros) plus interest were due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. The said group of former employees filed an appeal with the Supreme Court of Greece, which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered in June 2010. As a result of Denison's participation in the consortium that was named in the lawsuit, the Company was served with a payment order on March 24, 2015 relating to approximately $6,644 (4,880 euros) of the salaries in arrears noted above, together with associated interest of approximately $11,611 (8,528 euros). An opposition brief was filed on behalf of the Company on April 16, 2015 which opposes the payment order on the basis that it was improperly issued and is barred from a statute of limitations perspective. A hearing in respect of the Company's application is scheduled for November 24, 2015.

NAPC is also the subject of a claim for approximately $3,897 (2,862 euros) plus associated penalties and interest from the Greek social security agency for social security obligations associated with the salaries in arrears that are the subject of the above-mentioned decision.

The maximum aggregate interest and penalties payable under the claims noted above, as well as three other immaterial claims against NAPC, amounted to $21,980 (16,144 euros) as at March 31, 2015.

Management is of the view that it is improbable there will be a material financial impact to the Company as a result of these claims. Consequently, no provision has been recorded in these consolidated financial statements.

U.S. LITIGATION

A collective and class action complaint was filed against the Company in September 2012 in the U.S. District Court for the Western District of Pennsylvania, alleging failure to pay U.S. employees the amount of overtime pay required by the Fair Labor Standards Act (FLSA) and the Pennsylvania Minimum Wage Act. In May 2013, the plaintiffs amended their complaint to add a Colorado wage-hour claim. In June 2013, the parties stipulated to conditional certification of a putative class in the FLSA collective action. After notice of the right to opt-in was mailed to approximately 1,200 current and former employees, 359 individuals opted in. Pursuant to a court-approved discovery plan, discovery occurred as to a mutually agreed-upon sample of the conditionally-certified opt-in class.

No motion for final class certification as to the FLSA claim or motion for certification of the Pennsylvania or Colorado state law claims was filed, and thus no FLSA, Pennsylvania or Colorado class was certified. The Company and the plaintiffs have reached a tentative settlement of all claims, including certain potential, related claims, that is subject to court approval. The proposed settlement contemplates use of a claims procedure, pursuant to which each plaintiff and potential plaintiff would be required to file a claim to be entitled to receive money pursuant to the settlement. The US $4,000 provision recorded by the Company represents its current best estimate of the projected net cost of the settlement. The Company does not have insurance coverage for these claims.

17. SEGMENTED INFORMATION

The Company's activities are conducted in four geographical 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 March 31, 2015						
Revenue	**221,397**	**305,080**	**30,497**	**43,409**	**—**	**600,383**
Operating income (loss)[1]	**20,456**	**11,351**	**1,462**	**4,394**	**(9,819)**	**27,844**
Segmented assets	**737,119**	**1,052,116**	**113,176**	**221,342**	**—**	**2,123,753**
Capital expenditures	**10,575**	**30,294**	**507**	**11,293**	**—**	**52,669**
Goodwill	**7,236**	**2,308**	**—**	**—**	**—**	**9,544**
Three Months Ended March 31, 2014						
Revenue	267,674	211,039	38,914	30,011	—	547,638
Operating income (loss)[1]	52,479	21,677	817	5,892	(16,748)	64,117
Segmented assets	743,115	839,856	162,800	166,310	—	1,912,081
Capital expenditures	13,697	7,018	3,643	2,973	—	27,331
Goodwill	7,236	2,308	979	—	—	10,523

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

Three Months Ended March 31,	**2015**	2014
(C$000s)	**($)**	($)
Net income	**(12,940)**	9,420
Add back (deduct):		
Depreciation	**37,414**	33,521
Foreign exchange losses	**755**	2,842
(Gain) loss on disposal of property, plant and equipment	**(731)**	840
Interest	**16,483**	14,914
Income taxes	**(13,137)**	2,580
Operating income	**27,844**	64,117

Operating income does not have a 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 March 31,	**2015**	2014
(C$000s)	**($)**	($)
Fracturing	**556,686**	503,818
Coiled tubing	**22,514**	26,473
Cementing	**17,262**	15,757
Other	**3,921**	1,590
	600,383	547,638

18. SEASONALITY OF OPERATIONS

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

19. DIVIDEND REINVESTMENT PLAN

The Company's Dividend Reinvestment Plan (DRIP) 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 $0.125 per common share, totalling $12,190, was declared on March 18, 2015, to be paid on April 15. 2015. This amount has been accrued in the financial statements.

A dividend of $0.125 per common share was declared on December 4, 2014 and paid on January 15, 2015. Of the total dividend of $11,907, $5,588 was reinvested under the DRIP into 671,643 common shares of the Company.

A dividend of $0.125 per common share was declared on February 26, 2014 and paid on April 15, 2014. Of the total dividend of $11,699, $4,105 was reinvested under the DRIP into 245,404 common shares of the Company.

A dividend of $0.125 per common share was declared on December 5, 2013 and paid on January 15, 2014. Of the total dividend of $11,575, $4,220 was reinvested under the DRIP into 284,224 common shares of the Company.

CORPORATE INFORMATION

Board of Directors

Ronald P. Mathison [1][2]
Chairman
President & Chief Executive Officer
Matco Investments Ltd.

Douglas R. Ramsay [4]
Vice Chairman
Calfrac Well Services Ltd.

Fernando Aguilar
President & Chief Executive Officer
Calfrac Well Services Ltd.

Kevin R. Baker, Q.C. [1][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][3]
President
Sierra Energy Inc.

Lorne A. Gartner [1][2][4]
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

Fernando Aguilar
President & Chief Executive Officer

Lindsay R. Link
Chief Operating Officer

Michael J. (Mick) McNulty
Chief Financial Officer

Gerardo D. Kuracz
President, Latin American Division

F. Bruce Payne
President, Canadian Division

Robert L. Sutherland
President, Russian Division

Fred L. Toney
President, United States Division

J. Michael Brown
Vice President, Technical Services

Chris K. Gall
Vice President, Global Supply Chain

Roderick P. Kuntz
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Chad J. Leier
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Umberto Marseglia
Vice President, Global Business

Tom J. Medvedic
Vice President, Operations, Canadian Division

Edward L. Oke
Vice President, Human Resources

Michael D. Olinek
Vice President, Finance

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

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

Matthew L. Mignault
Corporate Controller

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Calgary, Alberta

Bankers

HSBC Bank Canada
Alberta Treasury Branches
Royal Bank of Canada
Canadian Imperial Bank of Commerce
Export Development Canada
The Bank of Nova Scotia

Legal Counsel

Bennett Jones LLP
Calgary, Alberta

Stock Exchange Listing

Trading Symbol: CFW

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:

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9th floor, 100 University Avenue
Toronto, ON M5J 2Y1
1-800-564-6253
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