Q1 FIRST QUARTER INTERIM REPORT

For the Three Months Ended March 31, 2011

Three Months Ended March 31,	**2011**	2010	Change
(C$000s, except per share and unit data)	**($)**	($)	(%)
(unaudited)			
Financial			
Revenue	**337,408**	227,123	49
Operating income[1]	**88,000**	38,831	127
EBITDA[1]	**96,897**	40,974	136
Per share – basic	**2.23**	0.95	135
Per share – diluted	**2.18**	0.94	132
Net income attributable to the shareholders of Calfrac	**49,078**	11,701	319
Per share – basic	**1.13**	0.27	319
Per share – diluted	**1.11**	0.27	311
Working capital (end of period)	**356,370**	156,095	128
Total equity (end of period)	**556,277**	460,771	21
Weighted average common shares outstanding (#)			
Basic	**43,529**	42,988	1
Diluted	**44,394**	43,508	2
Operating (end of period)			
Pumping horsepower (000s)	**530**	465	14
Coiled tubing units (#)	**29**	28	4
Cementing units (#)	**21**	21	–

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

As of January 1, 2011, Calfrac began preparing its interim consolidated financial statements and comparative information based on International Financial Reporting Standards (IFRS). Previously, the Company's financial statements were prepared in accordance with Canadian generally accepted accounting principles (GAAP).

CEO'S MESSAGE

I am pleased to present Calfrac's operating and financial highlights for the three months ended March 31, 2011 and to discuss our prospects for 2011. During the first quarter, our Company:

> achieved record quarterly revenue and EBITDA resulting from high levels of pressure pumping activity in the unconventional oil and natural gas plays of western Canada and the United States;

> experienced a large increase in liquids-related work in the Western Canada Sedimentary Basin (WCSB);

> added a second fracturing crew in each of the Marcellus and Bakken operating districts;

> concluded the 2011 tender process related to our Russian operations, which is expected to result in continued high utilization of the Company's fleet in Western Siberia; and

> experienced a modest recovery in completions activity in Mexico.

FINANCIAL HIGHLIGHTS

For the three months ended March 31, 2011, the Company recorded:

> record quarterly revenue of $337.4 million versus $227.1 million in the comparable quarter of 2010, led by higher year-over-year activity in Canada and the United States;

> operating income of $88.0 million versus $38.8 million in the comparable period in 2010, resulting from strong activity and improved pricing in Canada and the United States, combined with a continued focus on cost control; and

> net income of $49.1 million or $1.11 per share diluted, compared to net income of $11.7 million or $0.27 per share diluted in the first quarter of 2010.

OPERATIONAL HIGHLIGHTS

Canada

During the first quarter of 2011, pressure pumping activity in western Canada was at its highest level since 2006, with the majority of activity focused on unconventional oil and natural gas development. As a result, Calfrac experienced very strong demand for its fracturing and coiled tubing services. Favourable winter operating conditions resulted in an extended period of activity and further assisted with the Canadian division's strong financial performance in the first quarter. One of the significant trends emerging in the WCSB is the increasing focus of activity on oil and liquids-rich gas formations. The majority of Calfrac's activity during the first quarter was focused on the Cardium, Bakken and Viking formations. Further, the Company also participated in some of the early-stage development of new oil and liquids-rich plays in western Canada. This trend provides greater commodity diversification to Calfrac's Canadian operations and a foundation of stability to the Company's revenue base.

Calfrac remains focused on bringing further efficiencies to customers operating in the natural gas-producing areas of western Canada. A significant portion of the Company's activity during the first quarter was in the Montney Formation, which has evolved into one of the most economic gas plays in North America. Many of these programs are focused on 24-hour operations which, combined with pad drilling, is continuing to improve the economics of this play. The liquids-rich Deep Basin area has also become a significant area of growth for the Company's Canadian operations due to the success of producers in generating repeatable high natural gas and associated natural gas liquids production rates from horizontal wells completed with multiple fractures. The high initial productivity, strong repeatability from well to well and the substantial liquids component being shown by the horizontal Deep Basin development model continue to improve play economics and has resulted in higher activity in this region.

The Company's strategy to proactively manage its equipment fleet, personnel requirements, technology and commodities has positioned it strongly to participate in the growth of the Canadian market, including the numerous emerging oil and liquids-rich plays.

United States

The Company's operations in the United States recorded strong financial and operational performance during the first quarter despite delays related to poor weather in some of its operating regions. Calfrac continues to experience strong demand for its services in the Marcellus shale play. The Company deployed a second large fracturing spread into this region during the first quarter and anticipates that a third crew will be operational by the end the second quarter. The capital investment related to these new spreads is supported by long-term minimum commitment contracts with major oil and natural gas producers. In Arkansas, fracturing and cementing activity levels remained strong, resulting in high levels of equipment utilization. The Company is experiencing a greater demand for 24-hour operations in the Marcellus and Fayetteville shale plays and Calfrac expects that this trend will increase in the future. Activity levels in the Rocky Mountain region of Colorado remained stable during the first three months of 2011, with significantly more activity emerging in the Niobrara oil shale play offsetting continued weaker vertical gas well completions. Calfrac was an early participant in this play resulting from its strong customer base, technologies and long-standing presence in this region.

Calfrac also expanded its presence in the Bakken oil shale play of North Dakota as operators continued to aggressively target this formation. The Company commenced operations in this region during the second half of 2010 by transferring a crew from the Rocky Mountain region, and due to high customer demand deployed a second crew during the first quarter of 2011. Encouraged by this region's potential, the Company purchased a facility in Williston, North Dakota to strengthen its ability to participate in the future growth of this play.

Russia

Calfrac experienced high activity levels in Russia during the first quarter, which were mainly due to the success of the Company's participation in the recently concluded 2011 Russian tender process. Winter weather had a significant impact on costs as higher fuel prices and consumption reduced operating margins. The Company continues to be focused on managing its cost structure and improving the profitability of this segment throughout the remainder of the year. The Company deployed an additional fracturing spread late in 2010, which became operational during the first quarter of 2011. As a result, the Company currently operates five fracturing spreads and six deep coiled tubing units in Western Siberia.

Latin America

The first quarter of 2011 represented a moderate recovery for Calfrac's Mexican operations as completions activity improved over the lows experienced in the fourth quarter of 2010. During the quarter, the Company proactively adjusted its cost structure and redeployed some fracturing and cementing equipment to other regions. Calfrac is optimistic that activity will continue to increase and result in improved profitability for its Mexican operations over the remainder of the year.

Cementing activity levels in Argentina increased from the fourth quarter of 2010 due to an expanding customer base and larger equipment fleet. There were many positive developments in this market as producers continued to focus significant resources on progressing the development of tight gas and shale gas reserves. We believe that this trend will ultimately drive greater demand for our existing services and provide the opportunity to further diversify into other pressure pumping service lines.

OUTLOOK AND BUSINESS PROSPECTS

Exploration and development activity in the unconventional natural gas and oil plays of Canada and the United States gained further momentum in the first quarter of 2011 and was focused on the use of horizontal wells incorporating multi-stage fracturing. The shift towards oil and liquids-rich gas completions activity became prominent in North America during the latter half of 2010 due to strong oil and natural gas liquids prices combined with the high success rates delivered by this approach to drilling and completing wells. The trend is expected to drive strong levels of equipment utilization in the pressure pumping industry for the remainder of 2011. Calfrac also expects the industry trend towards multi-well pads and 24-hour operations to increase as customers remain committed to improving the efficiencies of these plays. Overall, as the price of crude oil and natural gas liquids is anticipated to remain strong, the Company expects that capital spending by many of its customers will increase throughout the remainder of 2011.

Strong demand for pressure pumping services in Canada is supported by the Petroleum Services Association of Canada's drilling forecast of 12,950 wells to be drilled across western Canada in 2011, of which an increasing proportion is projected to be horizontal wells. Completions activity in the Montney and Deep Basin plays of northwest Alberta and northeast British Columbia is expected to remain robust in 2011 as these regions are amongst the most economic natural gas plays in North America and are generally rich in natural gas liquids. The Montney has evolved into one of the pre-eminent gas plays with breakeven economics continuing to move lower. Calfrac expects that the Montney's pace of development will continue to increase despite a low price environment for natural gas. Deep Basin activity is expected to be particularly strong due to the high liquids content in certain zones and the strong recent successes by a number of producers in developing several Deep Basin horizons with horizontal wells.

Activity in unconventional light oil plays in western Canada, such as the Cardium, Viking and Bakken, is expected to increase, as the economics of these plays are very compelling at current commodity prices. There are also several other emerging oil and liquids-rich gas plays in which Calfrac was active during the first quarter, which will likely provide further growth opportunities in 2011 and beyond. Some of these plays are in the early stages and Calfrac has worked closely with its customers on refining its programs to improve well economics. The Company expects that the majority of its activity in 2011 will be focused on oil and liquids-rich natural gas formations, increasing the commodity-based diversification of Calfrac's Canadian operations. As a result, the Company expects high levels of equipment utilization in Canada and strong financial performance throughout 2011 and beyond.

In the United States, Calfrac deployed a newly constructed large fracturing spread to the Marcellus shale gas play during the first quarter of 2011 and plans to deploy another large spread by the end of June. Both fleets are supported by long-term minimum commitment contracts with large oil and natural gas companies. By mid-2011, Calfrac anticipates that three large fracturing spreads with approximately 140,000 hydraulic horsepower will be servicing the Marcellus shale play. A new facility in Pennsylvania is under construction and is expected to be operational in late 2011. The equipment fleet and infrastructure provide the foundation for what the Company believes will be a significant growth platform. The Marcellus is considered to be one of the most economic natural gas plays in North America and the rising drilling rig count is anticipated to result in a growing market for Calfrac's services.

The Company commenced fracturing operations in the Bakken oil shale play of North Dakota during the fourth quarter of 2010. Due to strong demand for Calfrac's fracturing services, an additional spread was deployed into this region during the first quarter of 2011. With the completion of its 2011 capital program, the Company expects to deploy a third fracturing crew into North Dakota during the latter half of the year. Calfrac is highly encouraged about this play's prospects and the commodity diversification it brings to its United States operations. The service intensity in this play continues to grow as the lateral legs of horizontal wells get longer and the number of fracturing stages per well increases. Given the strength of crude oil prices and the current tight fracturing capacity servicing this region, Calfrac expects significant growth in 2011 and beyond. Strong levels of fracturing and cementing activity in the Fayetteville shale play of Arkansas are also expected during 2011 as this region continues to be one of the most economic basins in North America. Fracturing activity levels in the Rocky Mountain region of Colorado are expected to remain relatively high for the remainder of 2011, with the development of the Niobrara oil shale play in northern Colorado providing a significant growth opportunity in this market. Calfrac plans to deploy another fracturing crew to service the Niobrara play by the end of the year. As a result, strong financial performance is expected from the United States segment in 2011.

Calfrac operates in Russia under the terms of a mix of annual and multi-year agreements, which it expects to result in high utilization of the Company's fracturing and coiled tubing fleets. The Company has five fracturing spreads and six coiled tubing units operating in this oil-focused market and plans to deploy a seventh coiled tubing unit by the end of the third quarter. Calfrac is optimistic that the financial performance of this segment will improve through the second and third quarters as the Company continues to focus on managing its cost structure and improving margins.

Activity levels in Mexico during the first quarter of 2011 recovered modestly from the low levels experienced in the latter half of 2010 due to the easing of Pemex's budget constraints. Calfrac is cautiously optimistic that activity will continue to improve as the year progresses as completions-related activity is expected to be a focal point for onshore development in Mexico. The Company recognizes the long-term potential of this region and will remain focused on providing new technology and improved efficiencies to this market.

Late in 2010 the Company commenced coiled tubing operations in Argentina, which augmented its existing cementing and acidizing operations. There are a number of emerging tight gas and shale gas opportunities in Argentina that, although in the very early stages, are expected to stimulate further oilfield activity in the future. Some of the technological advancements used in North America appear to have an application in this market. Based on this market opportunity, Calfrac plans to commence fracturing operations in Argentina by the end of 2011.

Calfrac is also planning to commence operations in Colombia during 2011. The oil-focused Colombian market has attracted a great deal of capital in the last year and, with a stable political and economic environment, looks poised to experience strong growth in the near future. This expansion will provide further commodity and geographical diversification to the Company and another platform for growth in Latin America.

Calfrac is pleased to announce a $43.0 million increase to its 2011 capital program. The largest portion of this increase relates to the addition of 42,000 horsepower to its fracturing fleet, which is expected to be delivered in the first half of 2012. At the culmination of the 2011 capital program, the Company anticipates that it will operate 864,000 horsepower throughout its four operating segments. The remaining portion of this capital increase includes the addition of a fracturing spread in Argentina as well as infrastructure and support equipment related to its existing operations. This results in a revised 2011 capital program of $323.0 million, with approximately $36.0 million expected to be spent in 2012. The previously announced 2011 capital program is moving forward in accordance with the Company's plan and the majority of this equipment is expected to be delivered in the latter part of 2011.

On behalf of the Board of Directors,

Douglas R. Ramsay
Chief Executive Officer

May 4, 2011

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 May 4, 2011 and is a review of the financial condition and results of operations of the Company based on International Financial Reporting Standards. Its focus is primarily a comparison of the financial performance for the three months ended March 31, 2011 and 2010 and should be read in conjunction with the interim consolidated financial statements for the three months ended March 31, 2011, as well as the audited consolidated financial statements and MD&A for the year end December 31, 2010. Previously, the Company prepared its interim and annual financial statements in accordance with Canadian generally accepted accounting principles. All comparative financial information in this MD&A has been restated, where required, based on IFRS.

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

CALFRAC'S BUSINESS

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

The Company's reportable business segments during the first quarter of 2011 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. Calfrac had combined hydraulic horsepower of approximately 211,000, 22 coiled tubing units and six cementing units in Canada at March 31, 2011.

> The United States segment of the Company's business provides pressure pumping services from operating bases in Colorado, Arkansas, Pennsylvania and North Dakota. The Company provides fracturing services to a number of oil and natural gas companies operating in the Piceance Basin of western Colorado, the Uintah Basin of northeast Utah and the Denver-Julesburg Basin centred in eastern Colorado and extending into southeast Wyoming, including the Niobrara oil play of northern Colorado. In addition, Calfrac provides fracturing services to customers operating in the Marcellus shale play in Pennsylvania and West Virginia as well as fracturing and cementing services to oil and natural gas companies operating in the Fayetteville shale play of Arkansas. In the fourth quarter of 2010, Calfrac commenced fracturing operations for several oil and natural gas companies in the Bakken oil shale play in North Dakota. At March 31, 2011, the Company deployed approximately 252,000 hydraulic horsepower and operated seven cementing units in its United States segment.

> The Company's Russian segment is focused on the provision of fracturing and coiled tubing services in Western Siberia. In the first quarter of 2011, the Company operated under the terms of a mix of annual and multi-year agreements signed with two of Russia's largest oil and natural gas producers. At March 31, 2011, the Company operated six coiled tubing units and deployed approximately 45,000 hydraulic horsepower forming five fracturing spreads in Russia.

> The Latin America segment provides pressure pumping services from operating bases in central and northern Mexico and central Argentina. The Company provides fracturing services to Pemex Exploracion y Produccion in the Burgos field of northern Mexico and the Chicontepec field of central Mexico. The Company also provides cementing services in the Chicontepec field. In Argentina, the Company provides cementing and acidizing services to local oil and natural gas companies and commenced coiled tubing operations in November 2010. In its Latin America segment, the Company deployed approximately 22,000 hydraulic horsepower forming three fracturing spreads, eight cementing units and one coiled tubing unit at March 31, 2011.

CONSOLIDATED HIGHLIGHTS

Three Months Ended March 31,	**2011**	2010	Change
(C$000s, except per share amounts) (unaudited)	**($)**	($)	(%)
Revenue	**337,408**	227,123	49
Operating income[1]	**88,000**	38,831	127
EBITDA[1]	**96,897**	40,974	136
Per share – basic	**2.23**	0.95	135
Per share – diluted	**2.18**	0.94	132
Net income attributable to the shareholders of Calfrac	**49,078**	11,701	319
Per share – basic	**1.13**	0.27	319
Per share – diluted	**1.11**	0.27	311
Working capital, end of period	**356,370**	156,095	128
Total assets, end of period	**1,164,141**	868,530	34
Long-term debt, end of period	**429,757**	272,117	58
Total equity, end of period	**556,277**	460,771	21

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

FIRST QUARTER 2011 OVERVIEW

In the first quarter of 2011, the Company:

> achieved record revenue of $337.4 million, an increase of 49 percent from the first quarter of 2010 driven primarily by strong growth in Calfrac's Canadian and United States operations;

> reported operating income of $88.0 million versus $38.8 million in the same quarter of 2010, mainly due to high levels of fracturing and coiled tubing activity in the unconventional natural gas and oil plays of western Canada, combined with strong United States fracturing activity levels in the Fayetteville and Marcellus shale natural gas plays and the Bakken oil play;

> reported net income attributable to the shareholders of Calfrac of $49.1 million or $1.11 per share compared to net income of $11.7 million or $0.27 per share in the first quarter of 2010; and

> incurred capital expenditures of $65.8 million primarily to bolster the Company's fracturing operations.

NON-GAAP MEASURES

Certain supplementary measures in this MD&A do not have any standardized meaning as prescribed under IFRS and, therefore, are considered non-GAAP measures. These measures have been described and presented in order to provide shareholders and potential investors with additional information regarding the Company's financial results, liquidity and ability to generate funds to finance its operations. These measures may not be comparable to similar measures presented by other entities, and are further explained as follows:

Operating income (loss) is defined as net income (loss) before depreciation, interest, foreign exchange gains or losses, gains or losses on disposal of capital assets and income taxes. 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 how they are taxed. Operating income was calculated as follows:

Three Months Ended March 31,	**2011**	2010
(C$000s) (unaudited)	**($)**	($)
Net income	**49,063**	11,717
Add back (deduct):		
Depreciation	**21,524**	19,034
Interest	**9,085**	6,153
Foreign exchange gains	**(8,663)**	(2,323)
Loss (gain) on disposal of capital assets	**(234)**	180
Income taxes	**17,225**	4,070
Operating income	**88,000**	38,831

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

Three Months Ended March 31,	**2011**	2010
(C$000s) (unaudited)	**($)**	($)
Net income	**49,063**	11,717
Add back:		
Depreciation	**21,524**	19,034
Interest	**9,085**	6,153
Income taxes	**17,225**	4,070
EBITDA	**96,897**	40,974

FINANCIAL OVERVIEW – THREE MONTHS ENDED MARCH 31, 2011 VERSUS 2010

Canada

Three Months Ended March 31,	**2011**	2010	Change
(C$000s, except operational information) (unaudited)	**($)**	($)	(%)
Revenue	**201,454**	133,631	51
Expenses			
Operating	**128,801**	89,944	43
Selling, General and Administrative (SG&A)	**4,220**	4,262	(1)
	133,021	94,206	41
Operating income[1]	**68,433**	39,425	74
Operating income (%)	**34.0%**	29.5%	15
Fracturing revenue per job ($)	**159,590**	120,735	32
Number of fracturing jobs	**1,147**	1,021	12
Pumping horsepower, end of period (000s)	**211**	211	–
Coiled tubing revenue per job ($)	**24,441**	32,479	(25)
Number of coiled tubing jobs	**753**	319	136
Coiled tubing units, end of period (#)	**22**	22	–

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

Revenue

Revenue from Calfrac's Canadian operations during the first quarter of 2011 was $201.5 million versus $133.6 million in the comparable three-month period of 2010. The 51 percent increase in revenue was primarily due to improved pricing, the completion of a higher percentage of callout work and more and larger fracturing jobs in the unconventional natural gas resource plays of northern Alberta and northeast British Columbia, combined with an increase in oil-related fracturing in the resource plays of Saskatchewan and west central Alberta. In addition, higher coiled tubing activity levels in western Canada also contributed to the increase in revenue during the first quarter. These factors were partially offset by the completion of a higher number of shallow coiled tubing jobs in southern Alberta, which typically have a lower average revenue per job.

Operating Income

Operating income in Canada increased by 74 percent to $68.4 million during the first quarter of 2011 from $39.4 million in the same period of 2010. The increase in Canadian operating income was mainly due to higher overall fracturing and coiled tubing activity levels, improved pricing, the completion of larger fracturing jobs in the unconventional oil and natural gas resource plays of western Canada and strong management of operating and SG&A expenses.

United States

Three Months Ended March 31,	**2011**	2010	Change
(C$000s, except operational and exchange rate information)	**($)**	($)	(%)
(unaudited)			
Revenue	**98,474**	56,033	76
Expenses			
Operating	**66,563**	50,051	33
SG&A	**3,216**	1,896	70
	69,779	51,947	34
Operating income[1]	**28,695**	4,086	602
Operating income (%)	**29.1%**	7.3%	299
Fracturing revenue per job ($)	**71,581**	54,996	30
Number of fracturing jobs	**1,337**	976	37
Pumping horsepower, end of period (000s)	**252**	191	32
Cementing revenue per job ($)	**20,675**	18,122	14
Number of cementing jobs	**134**	130	3
Cementing units, end of period (#)	**7**	7	–
C$/US$ average exchange rate[2]	**0.9859**	1.0404	(5)

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

Revenue

Revenue from Calfrac's United States operations increased during the first quarter of 2011 to $98.5 million from $56.0 million in the comparable quarter of 2010. The increase in United States revenue was due primarily to the commencement of fracturing operations in the Bakken play of North Dakota during the fourth quarter of 2010 combined with higher fracturing activity in the Marcellus shale formation in Pennsylvania and West Virginia and the Fayetteville shale play in Arkansas. The revenue increase was also a result of improved pricing and the completion of larger cementing jobs in Arkansas. It was partially offset by lower fracturing activity levels in the Rocky Mountain region of Colorado and a 5 percent decline in the United States dollar against the Canadian dollar.

Operating Income

Operating income in the United States was $28.7 million for the first quarter of 2011, an increase of $24.6 million from the comparative period in 2010. The significant increase in operating income was primarily due to higher equipment utilization in the Bakken oil shale play in North Dakota and the Marcellus natural gas shale play of Pennsylvania and West Virginia. In addition, improved pricing levels combined with the completion of larger fracturing and cementing jobs positively impacted operating income in the United States during the first quarter of 2011. These factors were offset partially by the impact of the depreciation of the United States dollar.

Russia

Three Months Ended March 31,	**2011**	2010	Change
(C$000s, except operational and exchange rate information)	**($)**	($)	(%)
(unaudited)			
Revenue	**26,329**	17,576	50
Expenses			
Operating	**22,262**	15,878	40
SG&A	**2,135**	1,041	105
	24,397	16,919	44
Operating income[1]	**1,932**	657	194
Operating income (%)	**7.3%**	3.7%	97
Fracturing revenue per job ($)	**101,852**	82,180	24
Number of fracturing jobs	**179**	144	24
Pumping horsepower, end of period (000s)	**45**	36	25
Coiled tubing revenue per job ($)	**52,238**	43,504	20
Number of coiled tubing jobs	**155**	132	17
Coiled tubing units, end of period (#)	**6**	6	–
C$/rouble average exchange rate[2]	**0.0337**	0.0349	(3)

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

Revenue

During the first quarter of 2011, the Company's revenue from Russian operations increased by 50 percent to $26.3 million from $17.6 million in the corresponding three-month period of 2010. The increase in revenue was mainly due to higher fracturing and coiled tubing activity levels as a result of a larger Russian equipment fleet combined with larger fracturing and coiled tubing job sizes. This increase was partially offset by the depreciation of the Russian rouble by 3 percent versus the Canadian dollar.

Operating Income

Operating income in Russia in the first quarter of 2011 was $1.9 million compared to $0.7 million in the corresponding period of 2010. The increase in operating income was primarily due to the higher revenue base offset partially by the depreciation in the Russian rouble against the Canadian dollar. This increase was offset partially by higher fuel prices and personnel expenses.

Latin America

Three Months Ended March 31,	**2011**	2010	Change
(C$000s, except operational and exchange rate information)	**($)**	($)	(%)
(unaudited)			
Revenue	**11,151**	19,883	(44)
Expenses			
Operating	**11,349**	17,634	(36)
SG&A	**530**	672	(21)
	11,879	18,306	(35)
Operating income (loss)[1]	**(728)**	1,577	(146)
Operating income (loss) (%)	**-6.5%**	7.9%	(182)
Pumping horsepower, end of period (000s)	**22**	27	(19)
Cementing units, end of period (#)	**8**	8	–
Coiled tubing units, end of period (#)	**1**	–	–
C$/Mexican peso average exchange rate[2]	**0.0818**	0.0815	–
C$/Argentine peso average exchange rate[2]	**0.2380**	0.2669	(11)

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

Revenue

Calfrac's Latin America operations generated total revenue of $11.2 million during the first quarter of 2011 versus $19.9 million in the comparable three-month period in 2010. For the three months ended March 31, 2011 and 2010, revenue generated through subcontractors was $2.8 million and $5.3 million, respectively.

The decrease in revenue was primarily due to the completion of smaller fracturing and cementing job sizes in Latin America combined with the depreciation of the Argentine peso versus the Canadian dollar. Activity levels in Mexico during the first quarter of 2011 increased from the lows experienced in the fourth quarter of 2010 and were relatively consistent with the corresponding period in 2010. This decrease in revenue was offset slightly by higher cementing activity in Argentina.

Operating Income (Loss)

During the three months ended March 31, 2011 Calfrac's Latin America division incurred an operating loss of $0.7 million compared to operating income of $1.6 million in the comparative quarter in 2010. This loss was primarily due to lower pricing levels in Mexico and Argentina, plus start-up expenses related to the commencement of coiled tubing operations in Argentina combined with the 11 percent decline in the Argentine peso. This decrease was offset partially by higher cementing equipment utilization in Argentina.

Corporate

Three Months Ended March 31,	**2011**	2010	Change
(C$000s)	**($)**	($)	(%)
(unaudited)			
Expenses			
Operating	**1,595**	1,220	31
SG&A	**8,737**	5,694	53
	10,332	6,914	49
Operating loss[1]	**(10,332)**	(6,914)	(49)

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

Operating Loss

The 49 percent increase in Corporate operating expenses from the first quarter of 2010 is mainly due to higher annual bonus and stock-based compensation expenses as well as an increase in the number of personnel supporting the Company's expanding operations.

Depreciation

For the three months ended March 31, 2011, depreciation expense increased by 13 percent to $21.5 million from $19.0 million in the corresponding quarter of 2010. The increase in depreciation expense is mainly a result of a larger fleet of equipment operating in North America and Russia offset partially by the depreciation of the United States dollar.

Foreign Exchange Losses or Gains

The Company recorded a foreign exchange gain of $8.7 million during the first quarter of 2011 versus a $2.3 million gain in the comparative three-month period of 2010. Foreign exchange gains and losses arise primarily from the translation of net monetary assets or liabilities that were held in U.S. dollars in Canada, Russia and Latin America. A majority of the Company's foreign exchange gain recorded in the first quarter of 2011 was attributable to its Russian operations, which have substantial U.S. dollar denominated liabilities. During the quarter, the U.S. dollar weakened against the Russian rouble by more than 6 percent resulting in significant foreign exchange gains related to this indebtedness.

Interest

The Company's interest expense during the first quarter of 2011 increased from the comparable period of 2010 by $2.9 million to $9.1 million. This increase was primarily due to higher overall debt levels offset partially by lower interest expense related to the Company's senior unsecured notes resulting from the depreciation of the United States dollar and a decrease in borrowing rates.

Income Tax Expenses

The Company recorded an income tax expense of $17.2 million during the first quarter of 2011 compared to income tax expense of $4.1 million in the comparable period of 2010. The effective income tax rate for the three-month periods ended March 31, 2011 and 2010 was 26 percent. The increase in total income tax expense was primarily due to higher profitability in Canada, the United States and Russia but offset partially by lower profitability in Latin America.

LIQUIDITY AND CAPITAL RESOURCES

Three Months Ended March 31,	**2011**	2010
(C$000s)	**($)**	($)
(unaudited)		
Cash flows provided by (used in):		
Operating activities	**29,859**	(1,246)
Financing activities	**(1,903)**	16,297
Investing activities	**(65,181)**	(16,976)
Effect of exchange rate changes on cash and cash equivalents	**(11,824)**	(3,469)
Decrease in cash and cash equivalents	**(49,049)**	(5,394)

Operating Activities

The Company's cash flow provided by operating activities for the three months ended March 31, 2011 was $29.9 million versus cash flow used in operating activities of $1.2 million in 2010. This change was primarily due to improved operating margins in Canada and the United States. At March 31, 2011, Calfrac's working capital was approximately $356.4 million, an increase of 4 percent from December 31, 2010. The Company reviewed its accounts receivable balance in detail at March 31, 2011 and determined that a provision for doubtful accounts receivable totalling $1.5 million was adequate. The majority of this provision related to a customer that filed for Chapter 11 restructuring under United States bankruptcy law.

Financing Activities

Cash flow used in financing activities during the first quarter of 2011 was $1.9 million compared to cash flow provided by financing activities of $16.3 million in the comparable 2010 period. During the first quarter of 2011, the Company repaid the remaining US$4.3 million of its 2015 senior notes as well as $3.2 million of mortgages related to certain properties acquired in the Century acquisition. This was offset partially by the issuance of Calfrac common shares and the sale of common shares of Denison Mines Corporation.

On November 18, 2010, Calfrac completed a private placement of senior unsecured notes for an aggregate principal of US$450.0 million due on December 1, 2020, which bear interest of 7.50 percent per annum, which is paid semi-annually. The Company used the net proceeds of the offering to repay indebtedness, including the funding of the tender offer for its 7.75 percent senior notes due in 2015, as well as for general corporate purposes and to pay related fees and expenses.

On September 28, 2010, the Company renegotiated and renewed its credit facilities with a syndicate of Canadian chartered banks to increase the operating facility from $10.0 million to $15.0 million and decrease the extendible revolving term syndicated facility from $165.0 million to $160.0 million. The interest rate on the revolving term facility is based upon the parameters of certain bank covenants. For prime-based loans, the rate ranges from prime plus 0.75 percent to prime plus 2.25 percent. For LIBOR-based loans and Bankers' Acceptance-based loans, the margin thereon ranges from 2.00 percent to 3.50 percent above the respective base rates for such loans. As of March 31, 2011, the Company had utilized $0.8 million of its syndicated facility for letters of credit, leaving $174.2 million in available credit.

At March 31, 2011, the Company had cash and cash equivalents of $167.6 million. A portion of these funds was invested in short-term investments, which consisted primarily of bearer deposit notes and an overnight money market fund invested with a member of the banking syndicate.

Investing Activities

For the three months ended March 31, 2011, Calfrac's cash flow used in investing activities was $65.2 million versus $17.0 million for 2010. Capital expenditures were $65.8 million in the first quarter of 2011 compared to $15.0 million in the same period of 2010. Capital expenditures were primarily related to supporting the Company's fracturing operations throughout North America.

In March 2010, the Company acquired a non-controlling interest in one of its subsidiaries for approximately $2.2 million. The acquisition was considered a capital transaction under IFRS and, accordingly, the amount was charged to retained earnings.

The effect of changes in foreign exchange rates on the Company's cash and cash equivalents during the first quarter of 2011 was a decrease of $11.8 million versus a decrease of $3.5 million during the same period of 2010. These decreases relate to cash and cash equivalents held by the Company in a foreign currency.

With its strong working capital position, unutilized 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 the remainder of 2011 and beyond.

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 30, 2011, there were 43,702,148 common shares issued and outstanding, and 3,360,725 options to purchase common shares.

CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

Calfrac has various contractual lease commitments related to vehicles, equipment and facilities as well as purchase obligations for products, services and capital assets as disclosed in the Company's 2010 annual consolidated financial statements.

Greek Legal Proceedings

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 the assignment and indemnity referred to in note 16 of the interim consolidated financial statements, together with the available defences to these proceedings, make it improbable that the Company will incur any financial liability in connection with these claims. It is managements' view that an outflow of cash will not result from these judgments. Consequently, no provision has been recorded in these consolidated financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This MD&A is based on the Company's consolidated financial statements for the three months ended March 31, 2011, 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 unaudited consolidated financial statements for the three months ended March 31, 2011.

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

Allowance for Doubtful Accounts Receivable

The Company performs ongoing credit evaluations of its customers and grants credit based upon 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 upon 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 is adequate.

Depreciation

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

Financial Instruments

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

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

Goodwill

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

The Company completed its annual assessment for goodwill impairment and determined there was no goodwill impairment as at January 1, 2010 nor for the year ended December 31, 2010. There were no triggers nor indications of impairment that warranted an assessment of goodwill impairment for the three months ended March 31, 2011.

Income Taxes

Future 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 have been 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.

Revenue Recognition

Revenue is recognized for services upon completion provided it is probable that the economic benefits will flow to the Company, the sales price is fixed or determinable, and collectability is reasonably assured. These criteria are generally met at the time the services are performed and the services have been accepted by the customer.

Stock-Based Compensation

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

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

CHANGE IN ACCOUNTING ESTIMATE

The Company has reviewed its estimates with respect to its property, plant and equipment components, respective useful lives and salvage values as a result of new information and more experience with the assets. The resulting revisions were adopted as a change in accounting estimate, effective January 1, 2011. It is impracticable to estimate the effect of the impact of the change in accounting estimate on future periods.

RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 9 *Financial Instruments* was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in International Accounting Standard (IAS) 39 *Financial Instruments – Recognition and Measurement* for debt instruments with a new mixed-measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are recognized either at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

This standard is required for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard nor determined whether it will adopt the standard early.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting that occurred during the most recent interim period ended March 31, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ADOPTION OF IFRS

Effective January 1, 2011, IFRS replaced the previous Canadian GAAP for profit-oriented Canadian publicly accountable enterprises. The Company developed a project plan to assist with the conversion to IFRS, which included the following key elements:

> determine appropriate changes to accounting policies and required amendments to financial disclosures;

> identify and implement changes in associated processes and information systems;

> comply with internal control requirements; and

> educate and train internal and external stakeholders.

Analysis of Differences between IFRS and Previous Canadian GAAP

The Company completed its analysis of accounting policy alternatives for all areas potentially affecting the Company's consolidated financial statements. This analysis included assessing available exemptions under IFRS 1 *First-time Adoption of International Financial Reporting Standards* as well as any required system and process changes. The key areas where changes in accounting standards had a significant impact on the Company's consolidated financial statements are described below. The standard-setting bodies that promulgate previous Canadian GAAP and IFRS have significant ongoing projects that could affect the ultimate differences between previous Canadian GAAP and IFRS and their impact on the Company's consolidated financial statements in future years. The future impacts of IFRS will also depend on the particular circumstances prevailing in those years. The differences described below are those existing based on previous Canadian GAAP and IFRS at March 31, 2011.

Most of the adjustments required upon transition to IFRS were made retrospectively against opening retained earnings as at January 1, 2010, which is the first comparative balance sheet, and throughout all periods presented. Transitional adjustments relating to those standards for which comparative figures are not required to be restated will only be made as of the date of transition, which is January 1, 2010.

Foreign Currency Translation

The concepts of integrated and self-sustaining foreign operations as described under previous Canadian GAAP do not appear in IAS 21 *The Effects of Changes in Foreign Exchange Rates*. Instead, IAS 21 focuses primarily on identifying the functional currency of the reporting entity and each of its foreign operations. An entity's functional currency is the currency of the primary economic environment in which it operates.

Under IAS 21, operations with a functional currency different from the reporting entity are translated in a method similar to self-sustaining foreign operations under previous Canadian GAAP (referred to as the "current rate method" in Canadian Institute of Chartered Accountants Handbook Section 1651).

The Company has determined that the functional currency of each of its foreign subsidiaries, with the exception of Cyprus, is different from the parent Company's. Calfrac's foreign subsidiaries in Russia, Mexico and Argentina that were previously translated using the temporal method under previous Canadian GAAP are required to be translated using the current rate method effective January 1, 2010. The adoption of this standard had a significant impact on the financial results of the Company, as gains and losses in translation for these foreign operations are now deferred and included in the shareholders' equity section as accumulated other comprehensive income rather than being included in the statement of income under previous Canadian GAAP. The adoption of this standard did not affect the foreign currency translation method of the Company's United States subsidiaries.

For the year ended December 31, 2010, the Company recorded a $4.1 million increase to foreign exchange losses on the Statement of Operations as a result of the change in foreign currency translation method. Similarly, as at December 31, 2010, the cumulative translation adjustment loss decreased by $4.9 million.

Property, Plant and Equipment

IAS 16 *Property, Plant and Equipment* requires that each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item be depreciated separately. In addition, IAS 16 provides a choice between using a cost model and a revaluation model to measure the value of property, plant and equipment after its initial recognition. The revaluation model did not exist under previous Canadian GAAP. The adoption of IAS 16 did not have a significant impact on the Company as a componentized model had already been adopted under previous Canadian GAAP.

Goodwill

Under IFRS, changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. During 2010, the Company entered into a transaction to acquire the non-controlling interest in one of its subsidiaries. The transaction was accounted for as a step-acquisition under previous Canadian GAAP. As such, purchase accounting was used to ascribe fair values to the assets and liabilities acquired, with the remaining amount recorded as goodwill.

Under IFRS, the transaction is accounted for as a capital transaction as the Company had a change in ownership while retaining control over the subsidiary. Because the Company already controlled the subsidiary, any subsequent change in the ownership interest (while maintaining control) is recorded as a capital transaction. As such, any amounts previously recorded as goodwill are charged to retained earnings.

Income Taxes

Under IFRS, the tax benefit or cost of intercompany sales is recognized whereas the tax impact of these transactions was eliminated under previous Canadian GAAP. The Company had transactions with one of its subsidiaries in 2007 in which the previous Canadian GAAP treatment was followed. The tax effect of these transactions resulted in a $2.8 million charge to deferred taxes and tax expense for the year ended December 31, 2010.

Under IFRS, a deferred credit is not recorded for an acquisition when the tax attributes acquired are in excess of the proceeds paid. Under IFRS, the benefit related to these tax attributes is recorded through income at the time of the acquisition. Therefore, there was no deferred credit under IFRS. Under previous Canadian GAAP, the deferred credit was set up for the transaction and was drawn down during the first quarter of 2010 for $2.5 million.

IFRS 1

The Company has selected its transitional provisions available under IFRS 1, relating to business combinations, share-based payments and foreign currency translation, as follows:

(a) Business combinations – IFRS provides an elective transitional provision that allows entities to apply IFRS relating to business combinations and goodwill relating to foreign subsidiaries prospectively from the date of transition. The Company has elected to apply this exemption and concluded that its previous Canadian GAAP balances relating to business combinations entered into before that date, including goodwill, do not require any adjustments.

(b) Share-based payments – IFRS provides an elective transitional provision that allows entities not to apply IFRS relating to fully vested stock options at the date of transition. As such, previous Canadian GAAP balances relating to the Company's fully vested stock options at January 1, 2010 have been carried forward without adjustment. Full retrospective application of IFRS has been applied to non-fully-vested stock options at January 1, 2010.

(c) Foreign currency translation – IFRS provides an elective transitional provision allowing entities to reset the cumulative translation adjustment, which includes gains and losses arising from the translation of foreign operations, to zero at the date of transition to IFRS. The Company has elected to apply this exemption and the cumulative translation adjustment reset was $18.9 million with an offsetting decrease to opening retained earnings, as a result of the re-translation of the Company's foreign subsidiaries' non-monetary assets and liabilities using the rate of exchange at the balance sheet date versus the applicable historical rate.

The remaining IFRS 1 exemptions were not applicable or material to the preparation of the Company's consolidated balance sheet at the date of transition to IFRS on January 1, 2010.

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.

SUMMARY OF QUARTERLY RESULTS

Three Months Ended	June 30, 2009[1]	Sept. 30, 2009[1]	Dec. 31, 2009[1]	Mar. 31, 2010	June 30, 2010	Sept. 30, 2010	Dec. 31, 2010	**Mar. 31, 2011**
(unaudited)	($)	($)	($)	($)	($)	($)	($)	**($)**
Financial								
(C$000s, except per share data)								
Revenue	104,727	133,261	173,124	227,123	164,849	275,245	268,710	**337,408**
Operating income[2]	4,052	16,499	23,157	38,831	14,878	69,343	62,185	**88,000**
EBITDA[2]	4,340	15,112	23,398	40,974	11,637	70,764	62,464	**96,897**
Per share – basic	0.11	0.40	0.58	0.95	0.27	1.64	1.44	**2.23**
Per share – diluted	0.11	0.40	0.57	0.94	0.27	1.63	1.42	**2.18**
Net income (loss) attributable to the shareholders of Calfrac	(14,770)	2,842	864	11,701	(10,280)	31,955	16,126	**49,078**
Per share – basic	(0.39)	0.08	0.02	0.27	(0.24)	0.74	0.37	**1.13**
Per share – diluted	(0.39)	0.08	0.02	0.27	(0.24)	0.74	0.37	**1.11**
Capital expenditures	9,862	58,212	18,245	14,974	26,813	30,097	47,015	**65,777**
Working capital (end of period)	111,864	103,331	128,243	156,095	138,500	177,561	341,677	**356,370**
Total equity (end of period)	380,515	378,972	459,932	460,771	453,290	485,280	502,032	**556,277**
Operating (end of period)								
Pumping horsepower (000s)	319	371	456	465	472	481	481	**530**
Coiled tubing units (#)	18	18	28	28	28	28	29	**29**
Cementing units (#)	20	21	21	21	21	21	21	**21**

(1) As the Company's IFRS transition date was January 1, 2010, the quarterly financial information for 2009 has not been restated.
(2) Refer to "Non-GAAP Measures" on page 9 for further information.

Seasonality of Operations

The Company's Canadian business is seasonal in nature. The lowest activity levels are 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 is reduced (refer to "Business Risks – Seasonality" in the 2010 Annual Report).

Foreign Exchange Fluctuations

The Company's consolidated financial statements are reported in Canadian dollars. Accordingly, the quarterly results are directly affected by fluctuations in the United States, Russian, Mexican and Argentinean currency exchange rates (refer to "Business Risks – Fluctuations in Foreign Exchange Rates" in the 2010 Annual Report).

Early Redemption of Senior Notes

The Company closed a private offering of US$450.0 million of 7.50% senior notes in November 2010, which will mature on December 1, 2020. The Company used a portion of the net proceeds to repay its outstanding indebtedness, including funding the tender offer for its 7.75% senior notes due in 2015 and its outstanding credit facilities. As a result of the redemption of US$230.7 million of the senior notes due in 2015, the Company incurred $22.7 million of refinancing costs during the fourth quarter of 2010. In the first quarter of 2011, the remaining US$4.3 million of 2015 senior notes were redeemed and Calfrac incurred $0.2 million of additional refinancing costs.

OUTLOOK

Exploration and development activity in the unconventional natural gas and oil plays of Canada and the United States gained further momentum in the first quarter of 2011 and was focused on the use of horizontal wells incorporating multi-stage fracturing. The shift towards oil and liquids-rich gas completions activity became prominent in North America during the latter half of 2010 due to strong oil and natural gas liquids prices combined with the high success rates delivered by this approach to drilling and completing wells. The trend is expected to drive strong levels of equipment utilization in the pressure pumping industry for the remainder of 2011. Calfrac also expects the industry trend towards multi-well pads and 24-hour operations to increase as customers remain committed to improving the efficiencies of these plays. Overall, as the price of crude oil and natural gas liquids is anticipated to remain strong, the Company expects that capital spending by many of its customers will increase throughout the remainder of 2011.

Strong demand for pressure pumping services in Canada is supported by the Petroleum Services Association of Canada's drilling forecast of 12,950 wells to be drilled across western Canada in 2011, of which an increasing proportion is projected to be horizontal wells. Completions activity in the Montney and Deep Basin plays of northwest Alberta and northeast British Columbia is expected to remain robust in 2011 as these regions are amongst the most economic natural gas plays in North America and are generally rich in natural gas liquids. The Montney has evolved into one of the pre-eminent gas plays with breakeven economics continuing to move lower. Calfrac expects that the Montney's pace of development will continue to increase despite a low price environment for natural gas. Deep Basin activity is expected to be particularly strong due to the high liquids content in certain zones and the strong recent successes by a number of producers in developing several Deep Basin horizons with horizontal wells.

Activity in unconventional light oil plays in western Canada, such as the Cardium, Viking and Bakken, is expected to increase, as the economics of these plays are very compelling at current commodity prices. There are also several other emerging oil and liquids-rich gas plays in which Calfrac was active during the first quarter, which will likely provide further growth opportunities in 2011 and beyond. Some of these plays are in the early stages and Calfrac has worked closely with its customers on refining its programs to improve well economics. The Company expects that the majority of its activity in 2011 will be focused on oil and liquids-rich natural gas formations, increasing the commodity-based diversification of Calfrac's Canadian operations. As a result, the Company expects high levels of equipment utilization in Canada and strong financial performance throughout 2011 and beyond.

In the United States, Calfrac deployed a newly constructed large fracturing spread to the Marcellus shale gas play during the first quarter of 2011 and plans to deploy another large spread by the end of June. Both fleets are supported by long-term minimum commitment contracts with large oil and natural gas companies. By mid-2011, Calfrac anticipates that three large fracturing spreads with approximately 140,000 hydraulic horsepower will be servicing the Marcellus shale play. A new facility in Pennsylvania is under construction and is expected to be operational in late 2011. The equipment fleet and infrastructure provide the foundation for what the Company believes will be a significant growth platform. The Marcellus is considered to be one of the most economic natural gas plays in North America and the rising drilling rig count is anticipated to result in a growing market for Calfrac's services.

The Company commenced fracturing operations in the Bakken oil shale play of North Dakota during the fourth quarter of 2010. Due to strong demand for Calfrac's fracturing services, an additional spread was deployed into this region during the first quarter of 2011. With the completion of its 2011 capital program, the Company expects to deploy a third fracturing crew into North Dakota during the latter half of the year. Calfrac is highly encouraged about this play's prospects and the commodity diversification it brings to its United States operations. The service intensity in this play continues to grow as the lateral legs of horizontal wells get longer and the number of fracturing stages per well increases. Given the strength of crude oil prices and the current tight fracturing capacity servicing this region, Calfrac expects significant growth in 2011 and beyond. Strong levels of fracturing and cementing activity in the Fayetteville shale play of Arkansas are also expected during 2011 as this region continues to be one of the most economic basins in North America. Fracturing activity levels in the Rocky Mountain region of Colorado are expected to remain relatively high for the remainder of 2011, with the development of the Niobrara oil shale play in northern Colorado providing a significant growth opportunity in this market. Calfrac plans to deploy another fracturing crew to service the Niobrara play by the end of the year. As a result, strong financial performance is expected from the United States segment in 2011.

Calfrac operates in Russia under the terms of a mix of annual and multi-year agreements, which it expects to result in high utilization of the Company's fracturing and coiled tubing fleets. The Company has five fracturing spreads and six coiled tubing units operating in this oil-focused market and plans to deploy a seventh coiled tubing unit by the end of the third quarter. Calfrac is optimistic that the financial performance of this segment will improve through the second and third quarters as the Company continues to focus on managing its cost structure and improving margins.

Activity levels in Mexico during the first quarter of 2011 recovered modestly from the low levels experienced in the latter half of 2010 due to the easing of Pemex's budget constraints. Calfrac is cautiously optimistic that activity will continue to improve as the year progresses as completions-related activity is expected to be a focal point for onshore development in Mexico. The Company recognizes the long-term potential of this region and will remain focused on providing new technology and improved efficiencies to this market.

Late in 2010 the Company commenced coiled tubing operations in Argentina, which augmented its existing cementing and acidizing operations. There are a number of emerging tight gas and shale gas opportunities in Argentina which, although in the very early stages, are expected to stimulate further oilfield activity in the future. Some of the technological advancements used in North America appear to have an application in this market. Based on this market opportunity, Calfrac plans to commence fracturing operations in Argentina in the fourth quarter of 2011.

Calfrac is also planning to commence operations in Colombia during 2011. The oil-focused Colombian market has attracted a great deal of capital in the last year and, with a stable political and economic environment, looks poised to experience strong growth in the near future. This expansion will provide further commodity and geographical diversification to the Company and another platform for growth in Latin America.

Calfrac is pleased to announce a $43.0 million increase to its 2011 capital program. The largest portion of this increase relates to the addition of 42,000 horsepower to its fracturing fleet, which is expected to be delivered in the first half of 2012. At the culmination of the 2011 capital program, the Company anticipates that it will operate 864,000 horsepower throughout its four operating segments. The remaining portion of this capital increase includes the addition of a fracturing spread in Argentina as well as infrastructure and support equipment related to its existing operations. This results in a revised 2011 capital program of $323.0 million, with approximately $36.0 million expected to be spent in 2012. The previously announced 2011 capital program is moving forward in accordance with the Company's plan and the majority of this equipment is expected to be delivered in the latter part of 2011.

ADVISORIES

Forward-Looking Statements

In order to provide Calfrac shareholders and potential investors with information regarding the Company and its subsidiaries, including management's assessment of Calfrac's plans and future operations, certain statements contained in this MD&A, including statements that contain words such as "anticipates", "can", "may", "could", "expect", "believe", "intend", "forecast", "will", or similar words suggesting future outcomes, are forward-looking statements. Forward-looking statements in this document include, but are not limited to, statements with respect to future capital expenditures, future financial resources, future oil and natural gas well activity, future costs or potential liabilities, outcome of specific events, trends in the oil and natural gas industry and the Company's growth prospects including, without limitation, its international growth strategy and prospects. These statements are derived from certain assumptions and analyses made by the Company based on its experience and interpretation of historical trends, current conditions, expected future developments and other factors that it believes are appropriate in the circumstances, including assumptions related to commodity pricing and North American drilling activity. Forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause actual results to differ materially from the Company's expectations. The most significant risk factors to Calfrac relate to prevailing economic conditions; the demand for fracturing and other stimulation services during drilling and completion of oil and natural gas wells; commodity prices; 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; dependence on major customers; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; and regional competition. Readers are cautioned that the foregoing list of risks and uncertainties is not exhaustive.

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

Additional Information

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

CONSOLIDATED BALANCE SHEETS

As at	**March 31, 2011**	December 31, 2010	January 1, 2010
(C$000s)	**($)**	($)	($)
(unaudited)			
ASSETS			
Current assets			
Cash and cash equivalents	**167,555**	216,604	25,070
Accounts receivable	**248,595**	177,652	135,775
Income taxes recoverable	**3,175**	3,284	1,780
Inventories	**72,604**	58,221	42,068
Prepaid expenses and deposits	**9,498**	8,379	6,742
	501,427	464,140	211,435
Non-current assets			
Property, plant and equipment (note 4)	**629,485**	588,759	566,681
Goodwill	**10,523**	10,523	10,523
Deferred income tax assets	**22,706**	32,179	34,620
Total assets	**1,164,141**	1,095,601	823,259
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	**143,304**	116,315	82,212
Current portion of long-term debt (note 5)	**439**	4,854	1,996
Current portion of finance lease obligations (note 6)	**1,314**	1,294	1,217
	145,057	122,463	85,425
Long-term debt (note 5)	**429,757**	443,346	267,351
Finance lease obligations (note 6)	**2,179**	2,515	3,808
Other long-term liabilities	**1,005**	1,062	1,227
Deferred income tax liabilities	**29,866**	24,183	15,453
Total liabilities	**607,864**	593,569	373,264
Equity attributable to the shareholders of Calfrac			
Capital stock (note 7)	**267,696**	263,490	251,282
Contributed surplus (note 8)	**19,246**	15,468	10,844
Loan receivable for purchase of common shares (note 15)	**(2,500)**	(2,500)	–
Retained earnings (note 3)	**278,943**	229,865	187,801
Accumulated other comprehensive income (loss)	**(7,048)**	(4,252)	–
	556,337	502,071	449,927
Non-controlling interest	**(60)**	(39)	68
Total equity	**556,277**	502,032	449,995
Total liabilities and equity	**1,164,141**	1,095,601	823,259

Contingencies (note 16)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

Three Months Ended March 31,	**2011**	2010
(C$000s, except per share data)	**($)**	($)
(unaudited)		
Revenue	**337,408**	227,123
Cost of sales (note 14)	**252,094**	193,761
Gross profit	**85,314**	33,362
Expenses		
Selling, general and administrative	**18,838**	13,565
Foreign exchange gains	**(8,663)**	(2,323)
Loss (gain) on disposal of property, plant and equipment	**(234)**	180
Interest	**9,085**	6,153
	19,026	17,575
Income before income tax	**66,288**	15,787
Income tax expense		
Current	**1,023**	411
Deferred	**16,202**	3,659
	17,225	4,070
Net income for the period	**49,063**	11,717
Net income attributable to:		
Shareholders of Calfrac	**49,078**	11,701
Non-controlling interest	**(15)**	16
	49,063	11,717
Earnings per share (note 7)		
Basic	**1.13**	0.27
Diluted	**1.11**	0.27

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Three Months Ended March 31,	**2011**	2010
(C$000s)	**($)**	($)
(unaudited)		
Net income for the period	**49,063**	11,717
Other comprehensive income		
Change in foreign currency translation adjustment	**(2,802)**	(1,946)
Comprehensive income for the period	**46,261**	9,771
Comprehensive income attributable to:		
Shareholders of Calfrac	**46,282**	9,769
Non-controlling interest	**(21)**	2
	46,261	9,771

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	Retained Earnings	Total	Non-Controlling Interest	**Total Equity**
(C$000s)	($)	($)	($)	($)	($)	($)	($)	**($)**
(unaudited)								
Balance – January 1, 2011	263,490	15,468	(2,500)	(4,252)	229,865	502,071	(39)	**502,032**
Net income (loss) for the period	–	–	–	–	49,078	49,078	(15)	**49,063**
Other comprehensive income (net of tax):								
Cumulative translation adjustment	–	–	–	(2,796)	–	(2,796)	(6)	**(2,802)**
	263,490	15,468	(2,500)	(7,048)	278,943	548,353	(60)	**548,293**
Stock options:								
Stock-based compensation recognized	–	2,409	–	–	–	2,409	–	**2,409**
Proceeds from issuance of shares	4,311	(942)	–	–	–	3,369	–	**3,369**
Shares cancelled (note 8)	(105)	105	–	–	–	–	–	**–**
Denison Plan of Arrangement (note 8)	–	2,206	–	–	–	2,206	–	**2,206**
Balance – March 31, 2011	267,696	19,246	(2,500)	(7,048)	278,943	556,337	(60)	**556,277**
Balance – January 1, 2010	251,282	10,844	–	–	187,801	449,927	68	**449,995**
Net income (loss) for the period	–	–	–	–	11,701	11,701	16	**11,717**
Other comprehensive income (net of tax):								
Cumulative translation adjustment	–	–	–	(1,932)	–	(1,932)	(14)	**(1,946)**
	251,282	10,844	–	(1,932)	199,502	459,696	70	**459,766**
Stock options:								
Stock-based compensation recognized	–	1,414	–	–	–	1,414	–	**1,414**
Proceeds from issuance of shares	2,245	(452)	–	–	–	1,793	–	**1,793**
Acquisitions (note 12)	–	–	–	–	(2,202)	(2,202)	–	**(2,202)**
Balance – March 31, 2010	253,527	11,806	–	(1,932)	197,300	460,701	70	**460,771**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended March 31,	**2011**	2010
(C$000s)	**($)**	($)
(unaudited)		
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net income (loss) for the period	**49,063**	11,717
Adjusted for the following:		
Depreciation	**21,524**	19,034
Stock-based compensation	**2,409**	1,414
Loss (gain) on disposal of property, plant and equipment	**(234)**	180
Interest	**9,085**	6,153
Deferred income taxes	**16,202**	3,659
Interest paid	**(1,010)**	(10,234)
Changes in items of working capital (note 13)	**(67,180)**	(33,169)
Cash flows provided by (used in) operating activities	**29,859**	(1,246)
FINANCING ACTIVITIES		
Issuance of long-term debt	**389**	14,989
Long-term debt repayments	**(7,551)**	(188)
Finance lease obligation repayments	**(316)**	(297)
Denison Plan of Arrangement (note 8)	**2,206**	–
Net proceeds on issuance of common shares	**3,369**	1,793
Cash flows provided by (used in) financing activities	**(1,903)**	16,297
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(65,777)**	(14,974)
Proceeds on disposal of property, plant and equipment	**596**	200
Acquisitions (note 12)	**–**	(2,202)
Cash flows used in investing activities	**(65,181)**	(16,976)
Effect of exchange rate changes on cash and cash equivalents	**(11,824)**	(3,469)
Decrease in cash and cash equivalents	**(49,049)**	(5,394)
Cash and cash equivalents, beginning of period	**216,604**	25,070
Cash and cash equivalents, end of period	**167,555**	19,676

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2011

(Amounts in text and tables are in thousands of Canadian dollars, except share data and certain other exceptions as indicated) (unaudited)

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

Calfrac Well Services Ltd. (the "Company") was formed through the amalgamation of Calfrac Well Services Ltd. (predecessor company originally incorporated on June 28, 1999) and Denison Energy Inc. ("Denison") on March 24, 2004 under the Business Corporations Act (Alberta). The address of the registered office is 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 and Argentina.

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Canadian Institute of Chartered Accountants' (CICA) Handbook. In 2010, the CICA Handbook was revised to incorporate IFRS and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. The Company's interim financial statements for the three months ended March 31, 2011 were prepared on this basis.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and IFRS 1 *First-time Adoption of International Financial Reporting Standards* using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

These are the Company's first IFRS-based consolidated interim financial statements for part of the period covered by the first IFRS-based consolidated annual financial statements to be presented in accordance with IFRS for the year ending December 31, 2011. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with previous Canadian GAAP.

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of May 4, 2011, the date the Company's Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized upon adoption of IFRS.

Subject to certain transition elections disclosed in note 3, the Company has consistently applied the same accounting policies in its opening IFRS balance sheet at January 1, 2010 (which is the date of transition) and throughout all periods presented, as if these policies had always been in effect. Note 3 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's previous Canadian GAAP annual consolidated financial statements for the year ended December 31, 2010. These interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's previous Canadian GAAP annual consolidated financial statements for the year ending December 31, 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The policies set out below have been consistently applied to all periods presented as if these policies had been in effect since inception, subject to certain transition elections disclosed in note 3.

(a) Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

(b) Principles of Consolidation

These financial statements include the accounts of the Company and its wholly-owned subsidiaries in Canada, the United States, Russia, Cyprus and Mexico and its 80-percent-owned subsidiary in Argentina. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated upon consolidation.

Subsidiaries are those entities (including special-purpose entities) which the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date control is obtained by the Company and are deconsolidated from the date that control ceases.

(c) Critical Accounting Estimates and Judgments

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

i) Allowance for Doubtful Accounts

The Company performs ongoing credit evaluations of its customers and grants credit based upon 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 upon specific situations and overall industry conditions.

ii) Depreciation

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

iii) Fair Value of Financial Instruments

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

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

iv) Carrying Value of 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 on an annual basis. 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 and determined there was no goodwill impairment as at January 1, 2010 nor for the year ended December 31, 2010. There were no triggers nor indications of impairment that warranted an assessment of goodwill impairment for the three months ended March 31, 2011.

v) 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 have been 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.

vi) Stock-Based Compensation

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

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

(d) Foreign Currency Translation

i) Functional and Presentation Currency

Each of the Company's subsidiaries is measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

The financial statements of the subsidiaries that have a functional currency different from that of the Company are translated into Canadian dollars whereby assets and liabilities are translated at the rate of exchange at the balance sheet date, revenues and expenses are translated at average monthly exchange rates (as this is considered a reasonable approximation of actual rates), and gains and losses in translation are recognized in the shareholders' equity section as accumulated other comprehensive income.

When the Company disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If the Company disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary is reallocated between controlling and non-controlling interests.

ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the statement of operations.

(e) Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

All financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on the purpose for which the instruments were acquired and are classified as "financial assets and liabilities at fair value through profit or loss", "available-for-sale investments", "loans and receivables", "financial liabilities at amortized cost", or "derivative financial instruments" as defined in IAS 39 *Financial Instruments: Recognition and Measurement*.

Cash and cash equivalents and accounts receivable are designated as "loans and receivables" and are measured at amortized cost. Accounts payable and accrued liabilities are designated as "financial liabilities at amortized cost" and are carried at amortized cost. Bank loans, long-term debt and finance lease obligations are designated as "financial liabilities at amortized cost" and carried at amortized cost using the effective interest rate method. The financing costs associated with the Company's US$450,000 private placement of senior unsecured notes on November 18, 2010 are included in the amortized cost of the debt. These costs are amortized to interest expense over the term of the debt.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired.

(f) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with original maturities of three months or less.

(g) Inventory

Inventory consists of chemicals, proppants, coiled tubing, cement, nitrogen and carbon dioxide used to stimulate oil and natural gas wells, as well as spare equipment parts. Inventory is stated at the lower of cost, determined on a first-in, first-out basis, and net realizable value. Net realizable value is the estimated selling price less applicable selling expenses.

(h) Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation less accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of operations during the period in which they are incurred.

Property, plant and equipment are depreciated over their estimated economic useful lives using the straight-line method over the following periods:

Field equipment	5 – 30 years
Buildings	20 years
Shop, office and other equipment	5 years
Computers and computer software	3 years
Leasehold improvements	Term of the lease

Assets under construction are not depreciated until they are available for use.

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant components and depreciates each component separately. Residual values, method of amortization and useful lives are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the assets and are included in the statement of operations.

(i) Borrowing Costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the statement of income in the period in which they are incurred.

(j) Non-Controlling Interests

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

(k) Impairment of Non-Financial Assets

Property, plant and equipment are tested for impairment when events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. Long-lived assets that are not amortized are subject to an annual impairment test. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows of other assets, called cash-generating units (CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (defined as the present value of the future cash flows to be derived from an asset). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Goodwill is reviewed for impairment annually or at any time if an indicator of impairment exists.

Goodwill acquired through a business combination is allocated to each operating segment that is expected to benefit from the related business combination. The operating segment level represents the lowest level within the Company at which goodwill is monitored for internal management purposes.

The Company evaluates impairment losses, other than goodwill impairment, for potential reversals when events or circumstances warrant such consideration.

(l) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of operations except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are presented as non-current.

Tax on income for interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

(m) Revenue Recognition

Revenue is recognized for services upon completion provided it is probable that the economic benefits will flow to the Company, the sales price is fixed or determinable, and collectability is reasonably assured. These criteria are generally met at the time the services are performed and the services have been accepted by the customer.

(n) Stock-Based Compensation Plans

The Company recognizes compensation cost for the fair value of stock options granted. Under this method, the Company records the fair value of stock option grants based on the number of options expected to vest over their vesting period as a charge to compensation expense and a credit to contributed surplus. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model.

The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

The Company recognizes compensation cost for the fair value of deferred stock units granted to its outside directors and performance stock units granted to the Company's most senior officers who are not included in the stock option plan. The fair value of the deferred stock units and performance stock units is recognized based on the market value of the Company's shares underlying these compensation programs.

(o) Change in Accounting Estimate

The Company has reviewed its estimates with respect to its property, plant and equipment components, respective useful lives and salvage values as a result of new information and more experience with the assets. The resulting revisions were adopted as a change in accounting estimate, effective January 1, 2011. It is impracticable to estimate the effect of the impact of the change in accounting estimate on future periods.

(p) Recently Issued Accounting Standards Not Yet Applied

International Financial Reporting Standard 9 *Financial Instruments* ("IFRS 9")

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 *Financial Instruments – Recognition and Measurement* for debt instruments with a new mixed-measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are recognized either at fair value through profit or

loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

This standard is required for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

3. TRANSITION TO IFRS

As described in note 1, the Company has adopted IFRS effective January 1, 2010 ("the transition date") and has prepared its opening balance sheet as at that date. The Company's consolidated financial statements for the year ending December 31, 2011 will be the first annual financial statements that comply with IFRS. The Company has prepared its opening balance sheet by applying existing IFRS having effective dates of December 31, 2011 or prior.

The effect of the Company's transition to IFRS is summarized as follows:

(i) IFRS I transition elections

(ii) Reconciliations of equity as previously reported under Canadian GAAP to IFRS

(iii) Reconciliations of comprehensive income as previously reported under Canadian GAAP to IFRS

(iv) Adjustments to the statement of cash flows

(v) Explanatory notes on the transition to IFRS

(i) IFRS 1 transition elections

IFRS 1 sets out a group of elective exemptions and a group of mandatory exceptions to its general principle that all IFRS are retrospectively applied on transition. The Company has applied the following transition exceptions and exemptions to full retrospective application of IFRS:

	As described in note 3(v)
Cumulative translation adjustment	a)
Business combinations	b)
Share-based payment transactions	c)

(ii) Reconciliation of Equity as Previously Reported Under Canadian GAAP to IFRS

As at		December 31, 2010			March 31, 2010			January 1, 2010		
	Note 3(v)	Canadian GAAP	Effect of Transition to IFRS	**IFRS**	Canadian GAAP	Effect of Transition to IFRS	**IFRS**	Canadian GAAP	Effect of Transition to GAAP	**IFRS**
(C$000s)		($)	($)	**($)**	($)	($)	**($)**	($)	($)	**($)**
(unaudited)										
ASSETS										
Current assets										
Cash and cash equivalents		216,604	–	**216,604**	19,676	–	**19,676**	25,070	–	**25,070**
Accounts receivable		177,652	–	**177,652**	196,877	–	**196,877**	135,775	–	**135,775**
Income taxes recoverable		3,284	–	**3,284**	1,626	–	**1,626**	1,780	–	**1,780**
Inventories	d	59,321	(1,100)	**58,221**	49,770	(1,588)	**48,182**	44,297	(2,229)	**42,068**
Prepaid expenses and deposits	d	8,385	(6)	**8,379**	7,212	(5)	**7,207**	6,746	(4)	**6,742**
		465,246	(1,106)	**464,140**	275,161	(1,593)	**273,568**	213,668	(2,233)	**211,435**
Non-current assets										
Property, plant and equipment	d	603,145	(14,386)	**588,759**	567,248	(12,452)	**554,796**	579,233	(12,552)	**566,681**
Goodwill	b, e	12,547	(2,024)	**10,523**	12,725	(2,202)	**10,523**	10,523	–	**10,523**
Deferred income tax assets	f	34,598	(2,419)	**32,179**	32,386	(2,743)	**29,643**	37,466	(2,846)	**34,620**
Total assets		1,115,536	(19,935)	**1,095,601**	887,520	(18,990)	**868,530**	840,890	(17,631)	**823,259**

(ii) Reconciliation of Equity as Previously Reported Under Canadian GAAP to IFRS (continued)

As at		December 31, 2010			March 31, 2010			January 1, 2010		
	Note 3(v)	Canadian GAAP	Effect of Transition to IFRS	**IFRS**	Canadian GAAP	Effect of Transition to IFRS	**IFRS**	Canadian GAAP	Effect of Transition to GAAP	**IFRS**
(C$000s)		($)	($)	**($)**	($)	($)	**($)**	($)	($)	**($)**
(unaudited)										
LIABILITIES AND EQUITY										
Current liabilities										
Accounts payable and accrued liabilities		116,315	–	**116,315**	111,510	–	**111,510**	82,212	–	**82,212**
Current portion of long-term debt		4,854	–	**4,854**	4,727	–	**4,727**	1,996	–	**1,996**
Current portion of finance lease obligations		1,294	–	**1,294**	1,236	–	**1,236**	1,217	–	**1,217**
		122,463	–	**122,463**	117,473	–	**117,473**	85,425	–	**85,425**
Non-current liabilities										
Long-term debt		443,346	–	**443,346**	272,117	–	**272,117**	267,351	–	**267,351**
Finance lease obligations		2,515	–	**2,515**	3,493	–	**3,493**	3,808	–	**3,808**
Other long-term liabilities		1,062	–	**1,062**	1,168	–	**1,168**	1,227	–	**1,227**
Deferred income tax liabilities	f	28,506	(4,323)	**24,183**	18,355	(4,847)	**13,508**	20,474	(5,021)	**15,453**
Deferred credit	f	–	–	**–**	–	–	**–**	2,505	(2,505)	**–**
Non-controlling interest	g	101	(101)	**–**	196	(196)	**–**	168	(168)	**–**
Total liabilities		597,993	(4,424)	**593,569**	412,802	(5,043)	**407,759**	380,958	(7,694)	**373,264**
Equity attributable to the shareholders of Calfrac										
Share capital		263,490	–	**263,490**	253,527	–	**253,527**	251,282	–	**251,282**
Contributed surplus	c, h	15,225	243	**15,468**	11,693	113	**11,806**	10,808	36	**10,844**
Loan receivable for purchase of common shares		(2,500)	–	**(2,500)**	–	–	**–**	–	–	**–**
Retained earnings	i	250,476	(20,611)	**229,865**	215,719	(18,419)	**197,300**	202,083	(14,282)	**187,801**
Accumulated other comprehensive income (loss)	a, d	(9,148)	4,896	**(4,252)**	(6,221)	4,896	**(1,932)**	(4,241)	4,241	**–**
		517,543	(15,472)	**502,071**	474,718	(14,017)	**460,701**	459,932	(10,005)	**449,927**
Non-controlling interest	g	–	(39)	**(39)**	–	70	**70**	–	68	**68**
Total equity		517,543	(15,511)	**502,032**	474,718	(13,947)	**460,771**	459,932	(9,937)	**449,995**
Total liabilities and equity		1,115,536	(19,935)	**1,095,601**	887,520	(18,990)	**868,530**	840,890	(17,631)	**823,259**

(iii) Reconciliation of Comprehensive Income as Previously Reported Under Canadian GAAP to IFRS

		Year Ended December 31, 2010			Three Months Ended March 31, 2010		
	Note 3(v)	Canadian GAAP	Effect of Transition to IFRS	**IFRS**	Canadian GAAP	Effect of Transition to IFRS	**IFRS**
(C$000s, except per share data) (unaudited)		($)	($)	**($)**	($)	($)	**($)**
Revenue		935,927	–	**935,927**	227,123	–	**227,123**
Cost of sales	d	770,676	(2,366)	**768,310**	194,289	(528)	**193,761**
Gross profit		165,251	(2,366)	**167,617**	32,834	(528)	**33,362**
Expenses							
Selling, general and administrative	c, h	59,603	206	**59,809**	13,488	77	**13,565**
Foreign exchange losses (gains)	d	(3,794)	4,133	**339**	(2,139)	(184)	**(2,323)**
Loss (gain) on disposal of property, plant and equipment		(930)	(11)	**(941)**	180	–	**180**
Interest		48,785	–	**48,785**	6,153	–	**6,153**
		103,664	4,328	**107,992**	17,682	(107)	**17,575**
Income before income taxes		61,587	(1,962)	**59,625**	15,152	635	**15,787**
Income tax expense							
Current		(1,901)	–	**(1,901)**	411	–	**411**
Deferred	f	9,748	2,360	**12,108**	1,077	2,582	**3,659**
		7,847	2,360	**10,207**	1,488	2,582	**4,070**
Net income for the period		53,740	(4,322)	**49,418**	13,664	(1,947)	**11,717**
Net income attributable to:							
Shareholders of Calfrac		53,807	(4,305)	**49,502**	13,636	(1,935)	**11,701**
Non-controlling interest	g	(67)	(17)	**(84)**	28	(12)	**16**
		53,740	(4,322)	**49,418**	13,664	(1,947)	**11,717**
Earnings per share							
Basic		1.25	(0.10)	**1.15**	0.32	(0.05)	**0.27**
Diluted		1.23	(0.10)	**1.13**	0.31	(0.04)	**0.27**

(iv) Adjustments to the Statement of Cash Flows

The transition from previous Canadian GAAP to IFRS did not have a significant impact on cash flows generated by the Company.

Three Months Ended March 31, 2010	Note 3(v)	Canadian GAAP	Effect of Transition to IFRS	**IFRS**
(C$000s)		($)	($)	**($)**
(unaudited)				
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Net income (loss) for the period		13,636	(1,919)	**11,717**
Adjusted for the following:				
Depreciation	d	19,562	(528)	**19,034**
Stock-based compensation	c, h	1,337	77	**1,414**
Loss on disposal of property, plant and equipment		180	–	**180**
Interest		6,153	–	**6,153**
Deferred income taxes	f	1,077	2,582	**3,659**
Non-controlling interest	g	28	(28)	**–**
Interest paid		(10,234)	–	**(10,234)**
Changes in items of working capital (note 13)		(32,529)	(640)	**(33,169)**
Cash flows used in operating activities		(790)	(456)	**(1,246)**
FINANCING ACTIVITIES				
Issuance of long-term debt		14,989	–	**14,989**
Long-term debt repayments		(188)	–	**(188)**
Finance lease obligation repayments		(297)	–	**(297)**
Net proceeds on issuance of common shares		1,793	–	**1,793**
Cash flows provided by financing activities		16,297	–	**16,297**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	d	(14,938)	(36)	**(14,974)**
Proceeds on disposal of property, plant and equipment		200	–	**200**
Acquisitions (note 12)		(2,202)	–	**(2,202)**
Cash flows used in investing activities	d	(16,940)	(36)	**(16,976)**
Effect of exchange rate changes on cash and cash equivalents		(3,961)	492	**(3,469)**
Decrease in cash and cash equivalents		(5,394)	–	**(5,394)**
Cash and cash equivalents, beginning of period		25,070	–	**25,070**
Cash and cash equivalents, end of period		19,676	–	**19,676**

Three Months Ended March 31, 2010	Note 3(v)	Canadian GAAP	Effect of Transition to IFRS	**IFRS**
(C$000s)		($)	($)	**($)**
(unaudited)				
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Net income (loss) for the period		53,807	(4,389)	**49,418**
Adjusted for the following:				
Depreciation	d	79,794	(2,365)	**77,429**
Stock-based compensation	c, h	6,967	207	**7,174**
Gain on disposal of property, plant and equipment		(930)	(11)	**(941)**
Interest		48,785	–	**48,785**
Deferred income taxes	f	9,748	2,360	**12,108**
Non-controlling interest	g	(67)	67	**–**
Interest paid		(39,933)	–	**(39,933)**
Changes in items of working capital		(22,667)	(1,128)	**(23,795)**
Cash flows provided by (used in) operating activities		135,504	(5,259)	**130,245**
FINANCING ACTIVITIES				
Issuance of long-term debt		473,671	–	**473,671**
Long-term debt repayments		(288,913)	–	**(288,913)**
Finance lease obligation repayments		(1,217)	–	**(1,217)**
Loan receivable for purchase of common shares (note 15)		(2,500)	–	**(2,500)**
Net proceeds on issuance of common shares		9,658	–	**9,658**
Dividends		(5,414)	–	**(5,414)**
Cash flows provided by financing activities		185,285	–	**185,285**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	d	(118,941)	42	**(118,899)**
Proceeds on disposal of property, plant and equipment		5,243	–	**5,243**
Acquisitions (note 12)		(2,024)	–	**(2,024)**
Cash flows used in investing activities	d	(115,722)	42	**(115,680)**
Effect of exchange rate changes on cash and cash equivalents		(13,533)	5,217	**(8,316)**
Increase in cash and cash equivalents		191,534	–	**191,534**
Cash and cash equivalents, beginning of period		25,070	–	**25,070**
Cash and cash equivalents, end of period		216,604	–	**216,604**

(v) Explanatory Notes on the Transition to IFRS

a) In accordance with IFRS transitional provisions, the Company elected to reset the cumulative translation adjustment, which includes gains and losses arising from the translation of foreign operations, to zero at the date of transition to IFRS. The cumulative translation adjustment reset was $18,886 with an offsetting decrease to opening retained earnings, as a result of the re-translation of the Company's foreign subsidiaries' non-monetary assets and liabilities using the rate of exchange at the balance sheet date versus the applicable historical rate.

b) In accordance with IFRS transitional provisions, the Company has elected to apply IFRS relating to business combinations and goodwill relating to foreign subsidiaries prospectively from January 1, 2010. As such, previous Canadian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward without adjustment.

c) In accordance with IFRS transitional provisions, the Company has elected not to apply IFRS relating to fully vested stock options at January 1, 2010. As such, previous Canadian GAAP balances relating to fully vested stock options at January 1, 2010 have been carried forward without adjustment. Full retrospective application of IFRS has been applied to non-fully-vested stock options at January 1, 2010.

d) Under IFRS, the subsidiaries, with the exception of Cyprus, have a functional currency that is different from that of the Company. Financial statements of the subsidiaries with a functional currency different from that of the Company are translated into Canadian dollars whereby assets and liabilities are translated at the rate of exchange at the balance sheet date, revenues and expenses are translated at average monthly exchange rates, and gains and losses in translation are recognized in the shareholders' equity section as accumulated other comprehensive income.

   This represents a change in the translation method compared to previous Canadian GAAP for some subsidiaries whereby monetary assets and liabilities were translated at the rate of exchange at the balance sheet date, and non-monetary items were translated at the historical rate applicable on the date of the transaction giving rise to the non-monetary balance. Revenues and expenses were translated at monthly average exchange rates and gains or losses in translation were recognized in income as they occurred.

   The re-translation of the subsidiaries' financial statements to comply with IFRS resulted in translation differences due to the change in translation method

e) The Company entered into a transaction to acquire the non-controlling interest in one of its subsidiaries. The transaction was accounted for as a step-acquisition under previous Canadian GAAP. As such, purchase accounting was used to ascribe fair values to the assets and liabilities acquired with the remaining amount recorded as goodwill.

Under IFRS, the transaction is accounted for as a capital transaction as the Company had a change in ownership while retaining control over the subsidiary. Because the Company already controlled the subsidiary, any subsequent change in the ownership interest (while maintaining control) is recorded as a capital transaction. As such, any amounts previously recorded as goodwill are charged to retained earnings.

f) Deferred income tax assets and liabilities have been adjusted to give effect to adjustments due to the tax impact of the intercompany sale of assets.

Under IFRS, the tax benefit or cost of intercompany sales is recognized. The Company had transactions with one of its subsidiaries in 2007 whereby the tax impact of the transactions was eliminated under previous Canadian GAAP. The tax effect of these transactions has been adjusted in the financial statements, resulting in a change to deferred taxes and tax expense.

Under IFRS, a deferred credit is not recorded for an acquisition when the tax attributes acquired are in excess of the proceeds paid. Under IFRS, the benefit related to these tax attributes is recorded through income at the time of the acquisition. Therefore, there was no deferred credit under IFRS. Under previous Canadian GAAP, the deferred credit was set up for the transaction and was drawn down during the first quarter of 2010 in the amount of $2,505.

g) Under IFRS, the non-controlling interest's share of the net assets of subsidiaries is included in equity and its share of the comprehensive income of subsidiaries is allocated directly to equity. Under previous Canadian GAAP, non-controlling interest was presented as a separate item between liabilities and equity in the balance sheet, and the non-controlling interest's share of income and other comprehensive income was deducted in calculating net income and comprehensive income of the Company.

h) Under IFRS, the application of an estimated forfeiture rate for stock option grants based on the number of options expected to vest over their vesting period is required. Under previous Canadian GAAP, an entity may elect either to estimate the expected forfeiture rate at the date of grant or to recognize compensation expense as though all options will vest and then recognize the impact of actual forfeitures as they occur.

The Company previously recognized forfeitures as they occurred and the adjustment included in contributed surplus and stock-based compensation expense is the result of the application of an estimated forfeiture rate for stock option grants based on the number of options expected to vest over their vesting period.

i) The following is a summary of the transition adjustments to the Company's retained earnings from previous Canadian GAAP to IFRS:

As at	Note	December 31, 2010	March 31, 2010	January 1, 2010
(C$000s)		($)	($)	($)
Retained earnings as reported under Canadian GAAP		250,476	215,719	202,083
IFRS adjustments to the opening balance sheet				
Deferred income taxes due to intercompany sale of assets	f	2,135	2,135	2,135
Deferred credit	f	2,505	2,505	2,505
Estimated forfeitures for employee stock options	h	(36)	(36)	(36)
Cumulative translation adjustment	a	(18,886)	(18,886)	(18,886)
IFRS adjustments for the three months ended March 31, 2010				
Change in foreign currency translation	d	–	709	–
Buy-out of non-controlling interest in subsidiary	e	–	(2,202)	–
Deferred income taxes due to intercompany sale of assets	f	–	(74)	–
Deferred credit	f	–	(2,505)	–
Change in non-controlling interest due to foreign currency translation	g	–	12	–
Estimated forfeitures for employee stock options	h	–	(77)	–
IFRS adjustments for the year ended December 31, 2010				
Change in foreign currency translation	d	(1,313)	–	–
Buy-out of non-controlling interest in subsidiary	e	(2,024)	–	–
Deferred income taxes due to intercompany sale of assets	f	(2,803)	–	–
Change in non-controlling interest due to foreign currency translation	g	17	–	–
Estimated forfeitures for employee stock options	h	(206)	–	–
Retained earnings as reported under IFRS		229,865	197,300	187,801

4. PROPERTY, PLANT AND EQUIPMENT

As at January 1, 2010	Cost	Accumulated Depreciation	Net Book Value
(C$000s)	($)	($)	($)
Assets under construction	12,371	–	12,371
Field equipment	658,942	(171,447)	487,495
Field equipment under capital lease	5,127	(104)	5,023
Buildings	39,624	(4,813)	34,811
Land	21,221	–	21,221
Shop, office and other equipment	7,524	(3,684)	3,840
Computers and computer software	6,888	(6,165)	723
Leasehold improvements	2,411	(1,214)	1,197
	754,108	(187,427)	566,681

Year Ended December 31, 2010	Opening Net Book Value	Additions	Disposals	Depreciation for the Period	Exchange Differences	Closing Net Book Value
(C$000s)	($)	($)	($)	($)	($)	($)
Assets under construction	12,371	52,959	–	–	352	65,682
Field equipment	487,495	55,279	(1,291)	(72,612)	(12,311)	456,560
Field equipment under capital lease	5,023	2	–	(733)	–	4,292
Buildings	34,811	1,807	(2,651)	(2,025)	(762)	31,180
Land	21,221	3,459	(1,055)	–	(545)	23,080
Shop, office and other equipment	3,840	2,814	(15)	(1,150)	(1,084)	4,405
Computers and computer software	723	1,948	–	(450)	41	2,262
Leasehold improvements	1,197	631	–	(459)	(71)	1,298
	566,681	118,899	(5,012)	(77,429)	(14,380)	588,759

As at December 31, 2010	Cost	Accumulated Depreciation	Net Book Value
(C$000s)	($)	($)	($)
Assets under construction	65,682	–	65,682
Field equipment	712,930	(256,370)	456,560
Field equipment under capital lease	5,129	(837)	4,292
Buildings	38,780	(7,600)	31,180
Land	23,080	–	23,080
Shop, office and other equipment	10,323	(5,918)	4,405
Computers and computer software	8,836	(6,574)	2,262
Leasehold improvements	3,043	(1,745)	1,298
	867,803	(279,044)	588,759

Three Months Ended March 31, 2011	Opening Net Book Value	Additions	Disposals	Depreciation for the Period	Exchange Differences	Closing Net Book Value
(C$000s)	($)	($)	($)	($)	($)	($)
Assets under construction	65,682	18,180	–	–	–	83,862
Field equipment	456,560	46,842	(361)	(20,125)	(2,744)	480,172
Field equipment under capital lease	4,292	–	–	(160)	–	4,132
Buildings	31,180	–	–	(491)	(156)	30,533
Land	23,080	20	–	–	(248)	22,852
Shop, office and other equipment	4,405	546	–	(334)	(11)	4,606
Computers and computer software	2,262	170	–	(318)	49	2,163
Leasehold improvements	1,298	19	–	(96)	(56)	1,165
	588,759	65,777	(361)	(21,524)	(3,166)	629,485

As at March 31, 2011	Cost	Accumulated Depreciation	Net Book Value
(C$000s)	($)	($)	($)
Assets under construction	83,862	–	83,862
Field equipment	759,411	(279,239)	480,172
Field equipment under capital lease	5,129	(997)	4,132
Buildings	38,780	(5,326)	33,454
Land	19,931	–	19,931
Shop, office and other equipment	10,869	(6,263)	4,606
Computers and computer software	9,006	(6,971)	2,035
Leasehold improvements	3,061	(1,768)	1,293
	930,049	(300,564)	629,485

5. LONG-TERM DEBT

As at	**March 31, 2011**	December 31, 2010
(C$000s)	**($)**	($)
US$450,000 senior unsecured notes due December 1, 2020, bearing interest at 7.50% payable semi-annually	**436,320**	447,570
US$4,320 senior unsecured notes due February 15, 2015, bearing interest at 7.75% payable semi-annually	**–**	4,297
Less: unamortized debt issue costs and unamortized debt discount	**(8,215)**	(8,638)
	428,105	443,229
$160,000 extendible revolving term loan facility, secured by the Canadian and U.S. assets of the Company	**–**	–
Less: unamortized debt issue costs	**(800)**	(887)
	(800)	(887)
Mortgage obligations maturing between December 2012 and March 2014 bearing interest at rates ranging from 5.15% to 6.69%, repayable at $35 per month principal and interest, secured by certain real property	**–**	3,176
US$2,613 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	**2,533**	2,682
ARS 1,496 Argentina term loan maturing December 31, 2013 bearing interest at 18.25%, repayable at ARS 61 per month principal and interest, secured by guarantees by the Company	**358**	–
	430,196	448,200
Less: current portion of long-term debt	**(439)**	(4,854)
	429,757	443,346

The fair value of the senior unsecured notes, as measured based on the closing quoted market price at March 31, 2011, was $451,591 (December 31, 2010 – $457,682). The carrying values of the mortgage obligations approximate their fair values as the interest rates are not significantly different from current mortgage rates for similar loans.

The interest rate on the term revolving facility is based upon the parameters of certain bank covenants. For prime-based loans the rate ranges from prime plus 0.75 percent to prime plus 2.25 percent. For LIBOR-based loans and Bankers' Acceptance-based loans the margin thereon ranges from 2 percent to 3.5 percent above the respective base rates for such loans. The facility is repayable in equal quarterly principal instalments representing one-twentieth of the principal drawn on the facility, plus a final payment representing the remaining principal on September 27, 2013, assuming the facility is not extended. The term and commencement of principal repayments under the facility may be extended by one year on each anniversary at the request of the Company and acceptance by the lenders. The Company also has the ability to prepay principal without penalty. Debt issue costs related to this facility are amortized over its three-year term.

Interest on long-term debt (including the amortization of debt issue costs and debt discount) for the three months ended March 31, 2011 was $9,256 (year ended December 31, 2010 – $48,758).

The US$4,320 senior unsecured notes were repaid in full on February 15, 2011 (plus accrued interest and call premium of US$335) and the $3,176 of mortgage obligations at December 31, 2010 were repaid in full on February 22, 2011.

6. FINANCE LEASE OBLIGATIONS

As at	**March 31, 2011**	December 31, 2010
(C$000s)	**($)**	($)
Finance lease contracts bearing interest at rates ranging from 5.68% to 6.58%, repayable at $124 per month, secured by certain equipment	**3,738**	4,110
Less: interest portion of contractual payments	**(245)**	(301)
	3,493	3,809
Less: current portion of finance lease obligations	**(1,314)**	(1,294)
	2,179	2,515

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

7. CAPITAL STOCK

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

	Three Months Ended March 31, 2011		Year Ended December 31, 2010	
Continuity of Common Shares	**Shares**	**Amount**	Shares	Amount
	(#)	(C$000s)	(#)	(C$000s)
Balance, beginning of period	**43,488,099**	**263,490**	42,898,880	251,282
Issued upon exercise of stock options	**208,275**	**4,311**	586,885	12,130
Issued for compensation	**–**	**–**	2,334	78
Shares cancelled (note 8)	**(16,476)**	**(105)**	–	–
Balance, end of period	**43,679,898**	**267,696**	43,488,099	263,490

The weighted average number of common shares outstanding for the three months ended March 31, 2011 was 43,529,097 basic and 44,393,945 diluted (three months ended March 31, 2010 – 42,987,777 basic and 43,494,653 diluted). The difference between basic and diluted shares for the three months ended March 31, 2011 is attributable to the dilutive effect of stock options issued by the Company as disclosed in note 9.

8. CONTRIBUTED SURPLUS

Continuity of Contributed Surplus	**Three Months Ended March 31, 2011**	Year Ended December 31, 2010
(C$000s)	**($)**	
Balance, beginning of period	**15,468**	10,844
Stock options expensed	**2,409**	7,096
Stock options exercised	**(942)**	(2,472)
Shares cancelled	**105**	–
Denison Plan of Arrangement	**2,206**	–
Balance, end of period	**19,246**	15,468

The Plan of Arrangement that governed the amalgamation with Denison in 2004 included a six-year "sunset clause" which provided that untendered share positions would be surrendered to the Company after six years. On January 19, 2011, 16,476 common shares of the Company previously being held in trust for untendered shareholders were cancelled. In addition, the Company became entitled to approximately 517,000 shares of Denison Mines Corporation. These shares were sold by the Company on the Toronto Stock Exchange for net proceeds of approximately $2,189.

For accounting purposes, the cancellation of the 16,476 common shares was recorded as a reduction of capital stock and an increase in contributed surplus in the amount of $105 which represents the book value of the cancelled shares as of the date of amalgamation with Denison on March 24, 2004. The receipt and sale of the shares of Denison Mines Corporation is considered an equity contribution by the owners of the Company. Consequently, the net proceeds from the sale of these shares along with approximately $17 of cash received in respect of fractional share entitlements, has been added to contributed surplus in an amount totalling $2,206.

9. STOCK OPTIONS

(a) Stock Options

Continuity of Stock Options (year to date)	**2011**		2010	
	Average Exercise Options	**Price**	Average Exercise Options	Price
	(#)	**(C$)**	(#)	(C$)
Balance, January 1	**2,583,825**	**17.50**	2,508,143	16.70
Granted during the period	**1,050,800**	**34.35**	1,002,200	20.78
Exercised for common shares	**(208,275)**	**16.18**	(138,760)	12.92
Forfeited	**(31,375)**	**23.02**	(43,466)	19.23
Expired	**–**	**–**	(54,768)	28.20
Balance, March 31	**3,394,975**	**22.75**	3,273,349	17.88

Stock options vest equally over three or four years and expire three-and-one-half or five years from the date of grant. The exercise price of outstanding options ranges from $8.35 to $34.40 with a weighted average remaining life of 3.51 years. When stock options are exercised the proceeds, together with the amount of compensation expense previously recorded in contributed surplus, are added to capital stock.

10. FINANCIAL INSTRUMENTS

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

The fair values of financial instruments that are included in the consolidated balance sheet, except long-term debt and finance lease obligations, 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, 2011 was $451,591 before deduction of unamortized debt issue costs of $8,215 (December 31, 2010 – $457,682 before deduction of unamortized debt issue costs of $8,638). The fair values of the remaining long-term debt and finance lease obligations approximate their carrying values, as described in notes 5 and 6.

11. CAPITAL STRUCTURE

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

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

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

For the twelve months ended	**March 31, 2011**	December 31, 2010
(C$000s)	**($)**	($)
Net income for the period	**86,764**	49,418
Adjusted for the following:		
Depreciation	**79,919**	77,429
Amortization of deferred finance costs and debt discount	**11,552**	11,944
Stock-based compensation	**8,169**	7,174
Gain on disposal of property, plant and equipment	**(1,355)**	(941)
Deferred income taxes	**24,651**	12,108
Cash flow	**209,700**	157,132

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

At March 31, 2011, the long-term debt to cash flow ratio was 2.05:1 (December 31, 2010 – 2.85:1) calculated on a 12-month trailing basis as follows:

As at	**March 31, 2011**	December 31, 2010
(C$000s)	**($)**	($)
Long-term debt (net of unamortized debt issue costs and debt discount) (note 5)	**430,196**	448,200
Cash flow	**209,700**	157,132
Long-term debt to cash flow ratio	**2.05:1**	2.85:1

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

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

12. ACQUISITION

In March 2010, the Company acquired the non-controlling interest in one of its subsidiaries for approximately $2,200. The acquisition is considered a capital transaction and, accordingly, the amount was charged to retained earnings.

This transaction was an adjustment to the 2010 comparatives upon transition to IFRS and is discussed in note 3.

13. SUPPLEMENTAL INFORMATION

Changes in non-cash working capital for the three months ended March 31, 2011 and 2010 are as follows:

Three Months Ended March 31,	**2011**	2010
(C$000s)	**($)**	($)
Accounts receivable	**(70,944)**	(61,103)
Income taxes recoverable	**109**	155
Inventory	**(14,383)**	(5,768)
Prepaid expenses and deposits	**(1,119)**	(466)
Accounts payable and accrued liabilities	**19,214**	34,071
Other long-term liabilities	**(57)**	(58)
	(67,180)	(33,169)

The preceding amounts exclude any changes in working capital resulting from acquisitions.

14. ADDITIONAL IFRS DISCLOSURE

The following IFRS disclosure relating to the three months ended March 31, 2011 and 2010 and the year ended December 31, 2010 is material to an understanding of these interim financial statements:

(i) Goodwill

Goodwill is reviewed for impairment at least annually, regardless whether there is any indication of impairment, in accordance with the accounting policy stated in note 2. Goodwill acquired through a business combination 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 fair value of each operating segment is derived using an accepted valuation method, which utilizes a multiple-of-earnings approach based on earnings before interest, taxes, depreciation and amortization (EBITDA). Such an approach is typically utilized in valuing oilfield service companies. The annual EBITDA multiples used in the goodwill impairment test were based on 2010 and 2011 EBITDA multiples for major pressure pumping companies as published by third-party industry analysts. The multiples ranged from 4.7x to 8.2x, depending on the operating segment.

The Company completed its annual assessment for goodwill impairment and determined there was no goodwill impairment as at January 1, 2010 nor for the year ended December 31, 2010. There were no triggers nor indications of impairment that warranted an assessment of goodwill impairment for the three months ended March 31, 2011.

(ii) Impairment of property, plant and equipment

Property, plant and equipment are tested for impairment in accordance with the accounting policy stated in note 2. The Company completed its assessment of property, plant and equipment impairment indicators at January 1, 2010 upon transition to IFRS and determined there were no impairment indicators that would require an estimate of the recoverable amount of property, plant and equipment to be made. There have been no events or changes in circumstances that indicate that an estimate of the recoverable amount of property, plant and equipment is required for the year ended December 31, 2010 or for the three months ended March 31, 2011.

(iii) Presentation of expenses

The Company presents its expenses on the Statement 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 more closely aligns with the Company's business structure. The Company's functions under IFRS are as follows:

- operations; and
- selling, general and administrative.

Use of the function of expense method also requires that the following additional information on the nature of expenses be disclosed:

Three Months Ended March 31,	**2011**	2010
(C$000s)	**($)**	($)
Depreciation (included in cost of sales)	**21,524**	19,034
Amortization of debt issue costs and debt discount	**300**	692
Employee benefits expense (iv)	**81,868**	47,991

(iv) 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,	**2011**	2010
(C$000s)	**($)**	($)
Salaries and short-term employee benefits	**78,151**	45,505
Post-employment benefits (group retirement savings plan)	**593**	371
Share-based payments	**3,008**	1,888
Termination benefits	**116**	227
Other	**–**	–
	81,868	47,991

15. RELATED-PARTY TRANSACTIONS

An entity controlled by a director of the Company provides ongoing real estate advisory services to the Company. The aggregate fees charged to date for such services during 2011 were $27, as measured at the exchange amount.

In November 2010, the Company lent a senior officer $2,500 for the purpose of facilitating the purchase of common shares of the Company on the Toronto Stock Exchange. The loan is on a non-recourse basis and is secured by the common shares acquired with the loan proceeds. It is for a term of five years and bears interest at the rate of 3.375 percent per annum, payable annually. The market value of the shares that secure the loan was approximately $2,644 as at March 31, 2011. 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.

16. CONTINGENCIES

Greek Operations

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 have 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 $9,408 (6,846 euros) plus interest were due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. The said group of former employees filed an appeal with the Supreme Court of Greece, which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered in June 2010. NAPC and the Company are assessing available rights of appeal to any other levels of court in any jurisdiction where such an appeal is warranted. Counsel to NAPC has obtained a judicial order entitling NAPC to obtain certain employment information in respect of the plaintiffs which is required in order to assess the extent to which the plaintiffs have mitigated any damages which may otherwise be payable.

Several other smaller groups of former employees have filed similar cases in various courts in Greece. One of these cases was heard by the Athens Court of First Instance on January 18, 2007. By judgment rendered November 23, 2007, the plaintiff's allegations were partially accepted, and the plaintiff was awarded compensation for additional work of approximately $48 (35 euros), plus interest. The appeal of this decision was heard on June 2, 2009, at which time an additional claim by the plaintiff seeking damages of $306 (223 euros), plus interest, was also heard. A decision in respect of the hearing has been rendered which accepted NAPC's appeal and rejected the additional claim of the plaintiff. Another one of the lawsuits seeking salaries in arrears of $176 (128 euros), plus interest, was heard by the Supreme Court of Greece on November 6, 2007, at which date the appeal of the plaintiffs was denied for technical reasons due to improper service. A rehearing of this appeal was heard on September 21, 2010 and the decision rendered declared once again the appeal inadmissible due to technical reasons. The remaining action, which is seeking salaries in arrears of approximately $603 (439 euros), plus interest, was scheduled to be heard before the Athens Court of First Instance on October 1, 2009, but was adjourned until November 18, 2011 as a result of the Greek elections.

The Company has signed an agreement with a Greek exploration and production company pursuant to which it has agreed to assign approximately 90 percent of its entitlement under an offshore licence agreement for consideration including a full indemnity in respect of the Greek legal claims described above. The completion of the transactions contemplated by such agreement is subject to certain conditions precedent, the fulfillment of which is not in the Company's control.

Management is of the view that the assignment and indemnity referred to in the preceding paragraph, together with the available defences to these proceedings, make it improbable that the Company will incur any financial liability in connection with these claims. It is managements' view that an outflow of cash will not result from these judgments. Consequently, no provision has been recorded in these consolidated financial statements.

Potential Claim

The Company has a potential liability related to a contractual claim, the amount of which is estimated to be approximately $2,000 on an after-tax basis. Management considers it probable that the claim will be settled in favour of the Company.

17. SEGMENTED INFORMATION

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

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

	Canada	Russia	United States	Latin America	Corporate	Consolidated
(C$000s)	($)	($)	($)	($)	($)	($)
Three Months Ended March 31, 2011						
Revenue	**201,454**	**26,329**	**98,474**	**11,151**	**–**	**337,408**
Operating income (loss)[1]	**68,433**	**1,932**	**28,695**	**(728)**	**(10,332)**	**88,000**
Segmented assets	**654,625**	**117,207**	**359,787**	**32,522**	**–**	**1,164,141**
Capital expenditures	**25,809**	**2,330**	**37,362**	**276**	**–**	**65,777**
Goodwill	**7,236**	**979**	**2,308**	**–**	**–**	**10,523**
Three Months Ended March 31, 2010						
Revenue	133,631	17,576	56,033	19,883	–	227,123
Operating income (loss)[1]	39,425	657	4,086	1,577	(6,914)	38,831
Segmented assets	492,357	98,985	229,596	47,592	–	868,530
Capital expenditures	6,991	1,371	6,183	429	–	14,974
Goodwill	7,236	979	2,308	–	–	10,523
Year Ended December 31, 2010						
Revenue	507,247	76,595	301,512	50,573	–	935,927
Operating income (loss)[1]	148,900	8,944	65,432	(6,317)	(31,723)	185,236
Segmented assets	644,592	105,946	316,177	28,886	–	1,095,601
Capital expenditures	36,797	14,062	66,115	1,925	–	118,899
Goodwill	7,236	979	2,308	–	–	10,523

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

(C$000s)	**Three Months Ended March 31, 2011**	Three Months Ended March 31, 2010	Year Ended December 31, 2010
	($)	($)	($)
Net income	**49,063**	11,717	49,418
Add back (deduct):			
Depreciation	**21,524**	19,034	77,428
Interest, net	**9,085**	6,153	48,785
Foreign exchange losses (gains)	**(8,663)**	(2,323)	339
Loss (gain) on disposal of capital assets	**(234)**	180	(941)
Income taxes	**17,225**	4,070	10,207
Operating income	**88,000**	38,831	185,236

The following table sets forth consolidated revenue by service line:

Three Months Ended March 31,	**2011**	2010
(C$000s)	**($)**	($)
Fracturing	**303,627**	200,528
Coiled tubing	**26,559**	16,103
Cementing	**4,462**	5,169
Other	**2,760**	5,323
	337,408	227,123

18. SEASONALITY OF OPERATIONS

The Company's Canadian business is seasonal in nature. The lowest activity levels are typically experienced during the second quarter of the year when road weight restrictions are in place and access to wellsites in Canada is reduced.

19. DIVIDENDS

A dividend of $0.075 per common share was declared on December 9, 2010 and paid on January 15, 2011.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

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

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

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

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

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

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

OFFICERS

Douglas R. Ramsay
Chief Executive Officer

Fernando Aguilar
President &
Chief Operating Officer

Gordon A. Dibb
Executive Vice President

Laura A. Cillis
Senior Vice President, Finance &
Chief Financial Officer

John L. Grisdale
President,
United States
Operating Division

OFFICERS

F. Bruce Payne
President,
Canadian Operating Division

Robert L. Sutherland
President,
Russian Operating Division

O. Alberto Bertolin
Director General,
Latin America Division

Armando J. Bertolin
Director General,
Latin America Division

Dwight M. Bobier
Senior Vice President,
Technical Services

Stephen T. Dadge
Senior Vice President,
Health, Safety & Environment

Tom J. Medvedic
Senior Vice President,
Corporate Development

Donald R. Battenfelder
Vice President,
Global Operations

L. Lee Burleson
Vice President, Sales,
Marketing & Engineering
United States
Operating Division

Chris K. Gall
Vice President,
Global Supply Chain

Robert J. Montgomery
Vice President, Operations,
Canadian Operating Division

Michael D. Olinek
Vice President, Finance

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

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

Patrick J. Schneider
Vice President, Operations,
United States
Operating Division

A. Scott Tuttle
Vice President,
Human Resources

Matthew L. Mignault
Corporate Controller

HEAD OFFICE

411 Eighth Avenue S.W.
Calgary, Alberta T2P 1E3
Phone: 403-266-6000
Toll Free: 1-866-770-3722
Fax: 403-266-7381
Email: info@calfrac.com
Website: www.calfrac.com

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

BANKERS

HSBC Bank Canada
Alberta Treasury Branches
Royal Bank of Canada
Export Development Canada

LEGAL COUNSEL

Bennett Jones LLP
Calgary, Alberta

STOCK EXCHANGE LISTING

Trading Symbol: CFW

OPERATING BASES

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

British Columbia, Canada
Dawson Creek
Fort Nelson

Saskatchewan, Canada
Estevan

Colorado, United States
Denver – Regional Office
Grand Junction
Platteville

Arkansas, United States
Beebe

Pennsylvania, United States
Philipsburg
Smithfield

North Dakota, United States
Williston

Russia
Moscow – Regional Office
Khanty-Mansiysk
Noyabrsk
Nefteugansk

Mexico
Mexico City – Regional Office
Reynosa
Poza Rica

Argentina
Buenos Aires – Regional Office
Catriel

REGISTRAR AND TRANSFER AGENT

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

COMPUTERSHARE INVESTOR SERVICES INC.
9th floor, 100 University Avenue,
Toronto, Ontario M5J 2Y1

411 Eighth Avenue S.W.
Calgary, Alberta T2P 1E3

Phone: 403-266-6000
Email: info@calfrac.com
www.calfrac.com