Third Quarter Interim Report

For the three and nine months ended September 30, 2017

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HIGHLIGHTS

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	Change	**2017**	2016	Change
(C$000s, except per share and unit data) *(unaudited)*	***($)***	*($)*	*(%)*	***($)***	*($)*	*(%)*
Revenue	**448,090**	174,925	156	**1,042,249**	541,668	92
Operating income (loss)[1]	**78,196**	(12,392)	NM	**135,331**	(39,913)	NM
Per share – basic	**0.57**	(0.11)	NM	**0.99**	(0.35)	NM
Per share – diluted	**0.57**	(0.11)	NM	**0.98**	(0.35)	NM
Adjusted EBITDA[1]	**81,113**	(11,055)	NM	**142,610**	(31,033)	NM
Per share – basic	**0.59**	(0.10)	NM	**1.04**	(0.27)	NM
Per share – diluted	**0.59**	(0.10)	NM	**1.03**	(0.27)	NM
Net income (loss) attributable to the shareholders of Calfrac before foreign exchange gains or losses[2]	**17,564**	(41,572)	NM	**(13,826)**	(123,009)	(89)
Per share – basic	**0.13**	(0.36)	NM	**(0.10)**	(1.07)	(91)
Per share – diluted	**0.13**	(0.36)	NM	**(0.10)**	(1.07)	(91)
Net income (loss) attributable to the shareholders of Calfrac	**7,822**	(40,862)	NM	**(32,074)**	(136,604)	(77)
Per share – basic	**0.06**	(0.35)	NM	**(0.23)**	(1.18)	(81)
Per share – diluted	**0.06**	(0.35)	NM	**(0.23)**	(1.18)	(81)
Working capital (end of period)				**334,606**	269,081	24
Total equity (end of period)				**477,188**	501,926	(5)
Weighted average common shares outstanding (000s)						
Basic	**136,606**	115,410	18	**136,588**	115,410	18
Diluted	**138,105**	116,555	18	**138,158**	115,610	20

[1] Refer to "Non-GAAP Measures" on pages 24 and 25 for further information.

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

CEO MESSAGE

Fernando Aguilar, Calfrac's President & Chief Executive Officer commented "The strong results shown by Calfrac in the third quarter are the direct result of the hard work and dedication of our employees, and the strong partnerships we have cultivated with leading producers in all areas of North America. In particular, the safe and profitable start-up of operations in the Permian Basin underscores the commitment Calfrac has to safety and quality in field execution along with prudent cost management and capital allocation."

During the quarter, Calfrac:

- added 183,000 HHP (including 78,000 HHP previously uncommissioned) to the Company's active operating fleet comprised of four incremental fleets in its U.S. operations including expansion to the Permian Basin and one in Canada;
- pumped almost 700,000 tons of sand in North America, a new record for quarterly sand pumped;
- successfully recruited approximately 200 operations personnel across North America;
- amended and extended its credit facilities to June 1, 2020; and
- increased its capital budget from $65.0 million to $95.0 million.

THIRD QUARTER 2017 OVERVIEW

CONSOLIDATED HIGHLIGHTS

Three Months Ended September 30,	**2017**	2016	Change
(C$000s, except operational information)	***($)***	*($)*	*(%)*
(unaudited)			
Revenue	**448,090**	174,925	156
Expenses			
Operating	**353,982**	173,579	104
Selling, general and administrative (SG&A)	**15,912**	13,738	16
	369,894	187,317	97
Operating income (loss)[1]	**78,196**	(12,392)	NM
Operating income (loss) (%)	**17.5**	(7.1)	NM
Adjusted EBITDA[1]	**81,113**	(11,055)	NM
Adjusted EBITDA (%)	**18.1**	(6.3)	NM
Fracturing revenue per job ($)	**29,412**	30,906	(5)
Number of fracturing jobs	**13,673**	4,508	203
Active pumping horsepower, end of period (000s)	**1,057**	644	64
Idle pumping horsepower, end of period (000s)	**338**	578	(42)
Total pumping horsepower, end of period (000s)	**1,395**	1,222	14
Coiled tubing revenue per job ($)	**26,526**	36,482	(27)
Number of coiled tubing jobs	**961**	592	62
Active coiled tubing units, end of period (#)	**21**	20	5
Idle coiled tubing units, end of period (#)	**11**	12	(8)
Total coiled tubing units, end of period (#)	**32**	32	—
Cementing revenue per job ($)	**45,454**	34,515	32
Number of cementing jobs	**126**	238	(47)
Active cementing units, end of period (#)	**12**	14	(14)
Idle cementing units, end of period (#)	**13**	11	18
Total cementing units, end of period (#)	**25**	25	—

[1] *Refer to "Non-GAAP Measures" on pages 24 and 25 for further information.*

Revenue in the third quarter of 2017 was $448.1 million, an increase of 156 percent from the same period in 2016. The Company's fracturing job count increased by 203 percent mainly due to a larger scale of operations and higher activity in Canada and the United States. The Company pumped approximately 185 percent and 160 percent more proppant in Canada and the United States, respectively, compared to the third quarter in 2016 as a result of greater activity and service intensity. Consolidated revenue per fracturing job decreased by 5 percent primarily due to the impact of job mix in Canada and Argentina.

Pricing in Canada and the United States increased while pricing in Argentina and Russia was consistent with the third quarter of 2016.

Adjusted EBITDA of $81.1 million for the third quarter of 2017 increased from negative $11.1 million in the comparable period in 2016 primarily due to significantly higher utilization in the United States and Canada.

Net income attributable to shareholders of Calfrac was $7.8 million or $0.06 per share diluted compared to a net loss of $40.9 million or $0.35 per share diluted in the same period last year. Net income included a primarily unrealized foreign exchange loss of $13.6 million during the third quarter compared to a gain of $0.1 million in the comparable period in 2016.

As a result of increased activity and demand for its equipment, the Company is announcing a further increase in its 2017 capital budget from $65.0 million to $95.0 million. The incremental capital expenditures will be largely focused on maintenance capital for a larger fleet of equipment operating in North America due to a higher number of fleet activations than were initially planned. At September 30, 2017, the Company had commissioned all of the horsepower that formed part of its 2014 capital build program.

Three Months Ended	**September 30, 2017**	June 30, 2017	Change
(C$000s, except operational information) *(unaudited)*	***($)***	*($)*	*(%)*
Revenue	**448,090**	325,344	38
Expenses			
Operating	**353,982**	275,932	28
SG&A	**15,912**	12,672	26
	369,894	288,604	28
Operating income (loss)[1]	**78,196**	36,740	113
Operating income (loss) (%)	**17.5**	11.3	55
Adjusted EBITDA[1]	**81,113**	39,913	103
Adjusted EBITDA (%)	**18.1**	12.3	47
Fracturing revenue per job ($)	**29,412**	35,858	(18)
Number of fracturing jobs	**13,673**	8,132	68
Active pumping horsepower, end of period (000s)	**1,057**	874	21
Idle pumping horsepower, end of period (000s)	**338**	443	(24)
Total pumping horsepower, end of period (000s)	**1,395**	1,317	6
Coiled tubing revenue per job ($)	**26,526**	28,805	(8)
Number of coiled tubing jobs	**961**	704	37
Active coiled tubing units, end of period (#)	**21**	21	—
Idle coiled tubing units, end of period (#)	**11**	11	—
Total coiled tubing units, end of period (#)	**32**	32	—
Cementing revenue per job ($)	**45,454**	43,158	5
Number of cementing jobs	**126**	114	11
Active cementing units, end of period (#)	**12**	12	—
Idle cementing units, end of period (#)	**13**	13	—
Total cementing units, end of period (#)	**25**	25	—

[1] *Refer to "Non-GAAP Measures" on pages 24 and 25 for further information.*

Revenue in the third quarter of 2017 was $448.1 million, an increase of 38 percent from the second quarter of 2017, primarily due to higher activity and a larger operating fleet across North America. Revenue per fracturing job decreased by 18 percent due to job mix in Canada as more annular fracturing work was completed during the quarter, which include more stages at smaller sizes per stage. Pricing in the United States and Canada improved modestly sequentially while pricing in Argentina and Russia was consistent with the second quarter of 2017.

In Canada, third-quarter revenue increased by 63 percent from the second quarter to $181.0 million due to higher fracturing activity post spring break-up plus the contribution from the additional fleet that was reactivated in July. Operating income as a percentage of revenue was 25 percent versus 12 percent in the second quarter primarily due to strong utilization and customer efficiencies throughout the quarter as well as better fixed cost absorption.

In the United States, revenue in the third quarter of 2017 increased by 26 percent from the second quarter to $193.8 million, mainly as a result of the four additional fleets that were reactivated during the quarter as well as strong productivity and pricing improvements. The United States division improved its operating income margin from the second quarter, moving from 16 percent of revenue to 19 percent in the third quarter of 2017. The U.S. division incurred $8.0 million in reactivation costs during the quarter compared to $4.7 million in the second quarter. The improvement in sequential results was primarily driven by operational efficiencies with key customers as well as improved pricing and better fixed cost absorption.

In Russia, revenue of $29.8 million in the third quarter of 2017 was 6 percent lower sequentially primarily due to a weaker Rouble during the quarter. Operating income as a percentage of revenue was consistent with the second quarter at approximately 16 percent.

In Latin America, revenue increased sequentially by 52 percent to $43.6 million primarily due to a significant increase in activity in Argentina, including increased work volumes in the Vaca Muerta shale play. Although the Company improved its revenue during the quarter, its operating fleet continued to be underutilized, which resulted in breakeven operating income for the quarter. Third-quarter results included approximately $0.6 million of non-recurring expenses related to the start-up of its unconventional fracturing fleet.

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 October 25, 2017 and is a review of the Company's financial condition and results of operations based on International Financial Reporting Standards (IFRS).

The focus of this MD&A is a comparison of the financial performance for the three and nine months ended September 30, 2017 and 2016. It should be read in conjunction with the interim consolidated financial statements for the three and nine months ended September 30, 2017 as well as the audited consolidated financial statements and MD&A for the year ended December 31, 2016.

Readers should also refer to the "Forward-Looking Statements" legal advisory at the end of this MD&A. All financial amounts and measures presented are expressed in Canadian dollars unless otherwise indicated. The definitions of certain non-GAAP measures used are included on pages 24 and 25.

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 three and nine months ended September 30, 2017 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 and Saskatchewan. The Company's customer base in Canada ranges from large multinational public companies to small private companies. At September 30, 2017, Calfrac's Canadian operations had active horsepower of approximately 277,000 and nine active coiled tubing units. At the end of the third quarter, the Canadian segment had temporarily idled approximately 150,000 horsepower and four coiled tubing units.

- The Company's United States segment provides fracturing services to oil companies operating in the Bakken oil shale play in North Dakota; in the Rockies area; and in Texas and New Mexico, where it services the Eagle Ford and Permian basins. Calfrac also provides fracturing services to natural gas focused customers operating in the Marcellus and Utica shale plays in Pennsylvania, Ohio and West Virginia. During the third quarter of 2016, the Company reactivated fracturing operations in North Dakota; and in the third quarter of 2017 restarted and expanded operations in Texas by re-opening its San Antonio base and commencing operations based out of Artesia, New Mexico servicing the Permian. At September 30, 2017, Calfrac's United States operations had combined active horsepower of approximately 588,000 and no active cementing or coiled tubing units. At the end of the third quarter, the United States segment had temporarily idled approximately 188,000 horsepower, 11 cementing units and five coiled tubing units.

- The Company's Russian segment provides fracturing and coiled tubing services in Western Siberia. During the third quarter of 2017, the Company operated under a mix of annual and multi-year agreements to provide services to a number of Russia's largest oil producers. At September 30, 2017, the Russian segment had seven deep coiled tubing units of which six were active and approximately 70,000 active horsepower forming seven fracturing spreads in Russia.

- The Latin America segment provides pressure pumping services from its operating bases in Argentina, while pressure pumping services in Mexico have been temporarily suspended. In Argentina, the Company provides fracturing, cementing and coiled tubing services to oil and natural gas companies operating in the Neuquén, Las Heras and Comodoro regions. In Mexico, the Company closed its district bases in Reynosa and Villahermosa during the second quarter of 2017 and closed its district base in Poza Rica during the third quarter of 2017. The Company had approximately 122,000 horsepower, 14 cementing units and seven coiled tubing units in its Latin America segment at September 30, 2017. At the end of the third quarter, the Latin America segment had idled two cementing units and one coiled tubing unit.

CONSOLIDATED HIGHLIGHTS

	Three months ended Sept. 30,			Nine months ended Sept. 30,		
	2017	2016	Change	**2017**	2016	Change
(C$000s, except per share amounts) *(unaudited)*	***($)***	*($)*	*(%)*	***($)***	*($)*	*(%)*
Revenue	**448,090**	174,925	156	**1,042,249**	541,668	92
Operating income (loss)[1]	**78,196**	(12,392)	NM	**135,331**	(39,913)	NM
Per share – basic	**0.57**	(0.11)	NM	**0.99**	(0.35)	NM
Per share – diluted	**0.57**	(0.11)	NM	**0.98**	(0.35)	NM
Adjusted EBITDA[1]	**81,113**	(11,055)	NM	**142,610**	(31,033)	NM
Per share – basic	**0.59**	(0.10)	NM	**1.04**	(0.27)	NM
Per share – diluted	**0.59**	(0.10)	NM	**1.03**	(0.27)	NM
Net income (loss) attributable to the shareholders of Calfrac	**7,822**	(40,862)	NM	**(32,074)**	(136,604)	(77)
Per share – basic	**0.06**	(0.35)	NM	**(0.23)**	(1.18)	(81)
Per share – diluted	**0.06**	(0.35)	NM	**(0.23)**	(1.18)	(81)

As at	**September 30, 2017**	December 31, 2016	Change
(C$000s) *(unaudited)*	***($)***	*($)*	*(%)*
Working capital, end of period	**334,606**	271,581	23
Total assets, end of period	**1,676,671**	1,613,004	4
Long-term debt, end of period	**983,967**	984,062	0
Total equity, end of period	**477,188**	497,458	(4)

[1] *Refer to "Non-GAAP Measures" on pages 24 and 25 for further information.*

THIRD QUARTER OVERVIEW

In the third quarter of 2017, the Company:

- generated revenue of $448.1 million, an increase of 156 percent from the third quarter in 2016, resulting primarily from higher activity and a larger scale of operations in North America;
- reported adjusted EBITDA of $81.1 million versus negative $11.1 million in the comparable period in 2016, mainly as a result of improved utilization and pricing in North America;
- reported net income attributable to shareholders of Calfrac of $7.8 million or $0.06 per share diluted, which included a primarily unrealized foreign exchange loss of $13.6 million, compared to a net loss of $40.9 million or $0.35 per share diluted in 2016;
- amended and extended its credit facilities to June 1, 2020;
- reported period-end working capital of $334.6 million versus $271.6 million at December 31, 2016;
- incurred capital expenditures of $22.1 million primarily to support the Company's North American fracturing operations;
- entered into a multi-year contract with a major international customer for unconventional work in Argentina;
- activated four fleets in its U.S. operations, including one fleet that began operating in the Permian basin and activated one fleet in its Canadian operations; and
- added 78,000 horsepower to the Company's operating fleet that was recently constructed but was not previously commissioned.

In the nine months ended September 30, 2017, the Company:

- generated revenue of $1.0 billion, an increase of 92 percent from the same period in 2016, resulting primarily from higher activity in North America;
- elected to use one of its two fully-funded $25.0 million equity cures effective as of the quarter ended on June 30, 2017;
- reported adjusted EBITDA of $142.6 million versus negative $31.0 million in the comparable period in 2016, mainly as a result of improved pricing and utilization in North America offset partially by lower utilization and pricing as well as higher labour costs in Argentina;
- reported a net loss attributable to shareholders of Calfrac of $32.1 million or $0.23 per share diluted compared to a net loss of $136.6 million or $1.18 per share diluted in 2016; and
- incurred capital expenditures of $57.4 million primarily to support the Company's Canadian and United States fracturing operations.

FINANCIAL OVERVIEW – THREE MONTHS ENDED SEPTEMBER 30, 2017 VERSUS 2016

CANADA

Three Months Ended September 30,	**2017**	2016	Change
(C$000s, except operational information)	***($)***	*($)*	*(%)*
(unaudited)			
Revenue	**180,953**	59,577	204
Expenses			
Operating	**133,990**	59,666	125
SG&A	**2,545**	1,939	31
	136,535	61,605	122
Operating income (loss)[1]	**44,418**	(2,028)	NM
Operating income (loss) (%)	**24.5**	(3.4)	NM
Fracturing revenue per job ($)	**20,287**	20,738	(2)
Number of fracturing jobs	**8,153**	2,492	227
Active pumping horsepower, end of period (000s)	**277**	194	43
Idle pumping horsepower, end of period (000s)	**150**	216	(31)
Total pumping horsepower, end of period (000s)	**427**	410	4
Coiled tubing revenue per job ($)	**22,243**	25,981	(14)
Number of coiled tubing jobs	**591**	304	94
Active coiled tubing units, end of period (#)	**9**	7	29
Idle coiled tubing units, end of period (#)	**4**	6	(33)
Total coiled tubing units, end of period (#)	**13**	13	—

[1] *Refer to "Non-GAAP Measures" on pages 24 and 25 for further information.*

REVENUE

Revenue from Calfrac's Canadian operations during the third quarter of 2017 was $181.0 million versus $59.6 million in the same period of 2016. Completions activity in Canada has improved dramatically year-over-year, which allowed the Company to reactivate equipment throughout 2017. Since the end of the third quarter of 2016, the Company has reactivated 83,000 horsepower or two large fracturing crews and two deep coiled tubing units that were operational during the third quarter. Through a combination of this larger operating scale and significantly improved utilization and pricing, the Company increased its revenue in the third quarter of 2017 by 204 percent from the comparative quarter in 2016. The number of fracturing jobs increased by 227 percent mainly due to a more active and efficient customer base versus the same period in 2016. The number of coiled tubing jobs increased by 94 percent from the third quarter in 2016 primarily due to higher activity as well as a larger scale of operations in western Canada.

OPERATING INCOME (LOSS)

Operating income in Canada during the third quarter of 2017 was $44.4 million compared to a loss of $2.0 million in the same period of 2016. The reversal from a loss position was due to significantly improved utilization and better pricing compared to the third quarter of 2016. The Company incurred reactivation costs of $1.0 million during the third quarter of 2017 associated with the planned deployment of one incremental fracturing crew at the beginning of the first quarter of 2018. The $0.6 million increase in SG&A expenses compared to the third quarter in 2016 was primarily due to growth in business scale and increased activity.

UNITED STATES

Three Months Ended September 30,	**2017**	2016	Change
(C$000s, except operational and exchange rate information) *(unaudited)*	***($)***	*($)*	*(%)*
Revenue	**193,817**	52,640	268
Expenses			
Operating	**153,783**	55,595	177
SG&A	**2,950**	3,043	(3)
	156,733	58,638	167
Operating income (loss)[1]	**37,084**	(5,998)	NM
Operating income (loss) (%)	**19.1**	(11.4)	NM
Fracturing revenue per job ($)	**39,260**	34,815	13
Number of fracturing jobs	**4,858**	1,512	221
Active pumping horsepower, end of period (000s)	**588**	249	136
Idle pumping horsepower, end of period (000s)	**188**	362	(48)
Total pumping horsepower, end of period (000s)[2]	**776**	611	27
Active coiled tubing units, end of period (#)	**—**	—	—
Idle coiled tubing units, end of period (#)	**5**	5	—
Total coiled tubing units, end of period (#)	**5**	5	—
Active cementing units, end of period (#)	**—**	—	—
Idle cementing units, end of period (#)	**11**	11	—
Total cementing units, end of period (#)	**11**	11	—
US$/C$ average exchange rate[3]	**1.2528**	1.3046	(4)

[1] *Refer to "Non-GAAP Measures" on pages 24 and 25 for further information.*
[2] *The Company reactivated equipment that was previously identified as impaired based on the impairment provision at December 31, 2015.*
[3] *Source: Bank of Canada.*

REVENUE

Revenue from Calfrac's United States operations increased to $193.8 million during the third quarter of 2017 from $52.6 million in the comparable quarter of 2016. Completions activity in the United States has shown meaningful improvement year-over-year, which allowed the Company to reactivate equipment throughout 2017. The Company has successfully responded to the rebound in industry activity in the United States by activating eight fracturing crews since the end of the third quarter in 2016, representing 339,000 horsepower, including expansion into the Permian basin during the third quarter of 2017. The result was a 221 percent increase in the number of fracturing jobs completed period-over-period. Revenue per job increased 13 percent year-over-year due to improved pricing, offset partially by the completion of smaller jobs in the Rockies region. In addition, one of Calfrac's customers in North Dakota provided its own sand during the quarter which contributed to the reduction in reported revenue per job. The 4 percent depreciation in the U.S. dollar versus the Canadian dollar partially offset the revenue improvement.

OPERATING INCOME (LOSS)

The Company's United States operations generated operating income of $37.1 million during the third quarter of 2017 compared to an operating loss of $6.0 million in the same period in 2016. The turnaround to positive operating income was primarily the result of improved utilization and pricing in Colorado, North Dakota and Pennsylvania. Operating income included $8.0 million of costs associated with the reactivation of four incremental fleets during the third quarter of 2017. SG&A expenses decreased by 3 percent in the third quarter of 2017 due to the depreciation in the U.S. dollar versus the Canadian dollar.

RUSSIA

Three Months Ended September 30,	**2017**	2016	Change
(C$000s, except operational and exchange rate information) *(unaudited)*	***($)***	*($)*	*(%)*
Revenue	**29,758**	26,303	13
Expenses			
Operating	**24,299**	21,586	13
SG&A	**754**	466	62
	25,053	22,052	14
Operating income[1]	**4,705**	4,251	11
Operating income (%)	**15.8**	16.2	(2)
Fracturing revenue per job ($)	**73,027**	66,955	9
Number of fracturing jobs	**336**	307	9
Pumping horsepower, end of period (000s)	**70**	70	—
Coiled tubing revenue per job ($)	**40,789**	44,211	(8)
Number of coiled tubing jobs	**128**	130	(2)
Active coiled tubing units, end of period (#)	**6**	6	—
Idle coiled tubing units, end of period (#)	**1**	1	—
Total coiled tubing units, end of period (#)	**7**	7	—
Rouble/C$ average exchange rate[2]	**0.0213**	0.0202	5

[1] Refer to "Non-GAAP Measures" on pages 24 and 25 for further information.
[2] Source: Bank of Canada.

REVENUE

Revenue from Calfrac's Russian operations increased by 13 percent during the third quarter of 2017 to $29.8 million from $26.3 million in the corresponding three-month period of 2016. The increase in revenue was largely attributable to a 9 percent increase in fracturing activity combined with the 5 percent appreciation of the Russian rouble during the quarter. Revenue per fracturing job increased by 9 percent primarily due to the appreciation of the Russian rouble and the completion of larger jobs.

OPERATING INCOME

The Company's Russian operations generated operating income of $4.7 million during the third quarter of 2017 compared to $4.3 million in the corresponding period of 2016. This increase was primarily due to improved fracturing crew utilization combined with the appreciation of the Russian rouble. SG&A expenses were $0.3 million higher than the comparable quarter in 2016 primarily due to higher personnel costs combined with the 5 percent appreciation of the Russian rouble.

LATIN AMERICA

Three Months Ended September 30,	**2017**	2016	Change
(C$000s, except operational and exchange rate information) *(unaudited)*	***($)***	*($)*	*(%)*
Revenue	**43,562**	36,405	20
Expenses			
Operating	**40,977**	35,636	15
SG&A	**2,593**	2,883	(10)
	43,570	38,519	13
Operating loss[1]	**(8)**	(2,114)	(100)
Operating loss (%)	**—**	(5.8)	(100)
Pumping horsepower, end of period (000s)	**122**	131	(7)
Active cementing units, end of period (#)	**12**	14	(14)
Idle cementing units, end of period (#)	**2**	—	NM
Total cementing units, end of period (#)	**14**	14	—
Active coiled tubing units, end of period (#)	**6**	7	(14)
Idle coiled tubing units, end of period (#)	**1**	—	NM
Total coiled tubing units, end of period (#)	**7**	7	—
Mexican peso/C$ average exchange rate[2]	**0.0703**	0.0696	1
Argentinean peso/C$ average exchange rate[2]	**0.0726**	0.0873	(17)

[1] Refer to "Non-GAAP Measures" on pages 24 and 25 for further information.
[2] Source: Bank of Canada and Bloomberg.

REVENUE

Calfrac's Latin American operations generated total revenue of $43.6 million during the third quarter of 2017 versus $36.4 million in the comparable three-month period in 2016. Revenue in Latin America was 20 percent higher than the comparable quarter primarily due to higher work volumes in the Vaca Muerta shale play. The improvement was partially offset by lower cementing activity in Argentina resulting from lower overall levels of drilling activity. Coiled tubing activity in Argentina increased year-over-year but the impact was offset by the completion of smaller jobs.

OPERATING LOSS

The Company's operations in Latin America operated at a breakeven level during the third quarter of 2017 compared to an operating loss of $2.1 million in the third quarter of 2016. Although the Company improved its revenue during the quarter, its operating fleet continued to be underutilized. The Company incurred $0.6 million of start-up costs related to operations in the Vaca Muerta unconventional gas play during the third quarter of 2017. SG&A expenses decreased by 10 percent in the third quarter of 2017 due to lower personnel costs, driven primarily by the deprecation of the Argentinean peso.

CORPORATE

Three Months Ended September 30,	**2017**	2016	Change
(C$000s) *(unaudited)*	***($)***	*($)*	*(%)*
Expenses			
Operating	**933**	1,096	(15)
SG&A	**7,070**	5,407	31
	8,003	6,503	23
Operating loss[1]	**(8,003)**	(6,503)	23
% of Revenue	**1.8**	3.7	(51)

[1] *Refer to "Non-GAAP Measures" on pages 24 and 25 for further information.*

OPERATING LOSS

Corporate expenses for the third quarter of 2017 increased by 23 percent compared to the third quarter of 2016. Operating expenses were 15 percent lower as a result of lower district personnel and occupancy costs. SG&A expenses increased by $1.7 million primarily due to a $1.0 million increase in stock-based compensation expense relating to a higher share price at the end of the quarter combined with a larger number of stock options outstanding. The remaining increase related to higher costs associated with operational growth.

DEPRECIATION

For the three months ended September 30, 2017, depreciation expense decreased by 7 percent to $30.6 million from $33.0 million in the corresponding quarter of 2016. The decrease in depreciation was primarily due to a larger portion of the Company's asset base being fully depreciated combined with the impact of a weaker U.S. dollar.

FOREIGN EXCHANGE GAINS AND LOSSES

The Company recorded a foreign exchange loss of $13.6 million during the third quarter of 2017 versus a gain of $0.1 million in the comparative three-month period of 2016. 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 and Latin America and liabilities held in Canadian dollars in Russia. The Company's third-quarter 2017 foreign exchange loss was largely attributable to the translation of U.S. dollar-denominated assets held in Canada as the U.S. dollar depreciated against the Canadian dollar during the third quarter. In addition, the translation of U.S. dollar-denominated liabilities held in Argentina contributed to the foreign exchange loss as the value of the Argentinean peso depreciated against the U.S. dollar during the third quarter.

INTEREST

The Company's net interest expense of $21.1 million for the third quarter of 2017 was $0.3 million higher than in the comparable period of 2016. This increase was primarily due to higher credit facility borrowings offset partially by the impact of a stronger Canadian dollar relative to the U.S. dollar, which resulted in lower reported interest on the Company's U.S. dollar-denominated unsecured notes.

INCOME TAXES

The Company recorded an income tax expense of $0.8 million during the third quarter of 2017 compared to a recovery of $24.4 million in the comparable period of 2016. The effective tax rate of 11 percent during the third quarter of 2017 was the result of the mix of earnings generated in Canada, the United States and Russia combined with pre-tax losses in Argentina.

SUMMARY OF QUARTERLY RESULTS

Three Months Ended	Dec. 31, 2015	Mar. 31, 2016	Jun. 30, 2016	Sep. 30, 2016	Dec. 31, 2016	Mar. 31, 2017	Jun. 30, 2017	**Sep. 30, 2017**
(C$000s, except per share and operating data) (unaudited)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	***($)***
Financial								
Revenue	286,194	216,138	150,605	174,925	192,846	268,815	325,344	**448,090**
Operating income (loss)[1]	5,787	(11,623)	(15,898)	(12,392)	(18,291)	20,395	36,740	**78,196**
Per share – basic	0.06	(0.10)	(0.14)	(0.11)	(0.15)	0.15	0.27	**0.57**
Per share – diluted	0.06	(0.10)	(0.14)	(0.11)	(0.15)	0.15	0.27	**0.57**
Adjusted EBITDA[1]	22,933	(5,883)	(14,095)	(11,055)	(13,717)	21,584	39,913	**81,113**
Per share – basic	0.24	(0.05)	(0.12)	(0.10)	(0.11)	0.16	0.29	**0.59**
Per share – diluted	0.24	(0.05)	(0.12)	(0.10)	(0.11)	0.16	0.29	**0.59**
Net income (loss) attributable to the shareholders of Calfrac	(141,498)	(54,071)	(41,671)	(40,862)	(61,493)	(19,547)	(20,349)	**7,822**
Per share – basic	(1.45)	(0.47)	(0.36)	(0.35)	(0.51)	(0.14)	(0.15)	**0.06**
Per share – diluted	(1.45)	(0.47)	(0.36)	(0.35)	(0.51)	(0.14)	(0.15)	**0.06**
Capital expenditures	29,964	7,723	8,370	6,907	15,708	12,965	22,358	**22,093**
Working capital (end of period)	305,952	261,072	306,346	269,081	271,581	278,818	293,411	**334,606**
Total equity (end of period)	623,719	576,465	543,530	501,926	497,458	485,452	463,180	**477,188**
Operating (end of period)								
Active pumping horsepower (000s)	776	640	582	644	659	727	874	**1,057**
Idle pumping horsepower (000s)	524	586	640	578	563	493	443	**338**
Total pumping horsepower (000s)	1,300	1,226	1,222	1,222	1,222	1,220	1,317	**1,395**
Active coiled tubing units (#)	20	18	19	20	19	20	21	**21**
Idle coiled tubing units (#)	17	14	13	12	13	12	11	**11**
Total coiled tubing units (#)	37	32	32	32	32	32	32	**32**
Active cementing units (#)	23	14	14	14	14	12	12	**12**
Idle cementing units (#)	8	11	11	11	11	13	13	**13**
Total cementing units (#)	31	25	25	25	25	25	25	**25**

[1] *Refer to "Non-GAAP Measures" on pages 24 and 25 for further information.*

SEASONALITY OF OPERATIONS

The Company's North American business is seasonal. The lowest activity is typically experienced during the second quarter of the year when road weight restrictions are in place due to spring break-up weather conditions and access to well sites in Canada and North Dakota is reduced (refer to "Business Risks – Seasonality" in the 2016 Annual Report).

FOREIGN EXCHANGE FLUCTUATIONS

The Company's consolidated financial statements are reported in Canadian dollars. Accordingly, the quarterly results are directly affected by fluctuations in the exchange rates for United States, Russian, Mexican and Argentinean currency (refer to "Business Risks – Fluctuations in Foreign Exchange Rates" in the 2016 Annual Report).

FINANCIAL OVERVIEW – NINE MONTHS ENDED SEPTEMBER 30, 2017 VERSUS 2016

CANADA

Nine Months Ended September 30,	**2017**	2016	Change
(C$000s, except operational information)	***($)***	*($)*	*(%)*
(unaudited)			
Revenue	**403,284**	177,686	127
Expenses			
Operating	**326,390**	178,300	83
SG&A	**6,843**	5,844	17
	333,233	184,144	81
Operating income (loss)[1]	**70,051**	(6,458)	NM
Operating income (loss) (%)	**17.4**	(3.6)	NM
Fracturing revenue per job ($)	**20,119**	23,340	(14)
Number of fracturing jobs	**18,176**	6,799	167
Active pumping horsepower, end of period (000s)	**277**	194	43
Idle pumping horsepower, end of period (000s)	**150**	216	(31)
Total pumping horsepower, end of period (000s)	**427**	410	4
Coiled tubing revenue per job ($)	**21,829**	24,142	(10)
Number of coiled tubing jobs	**1,595**	787	103
Active coiled tubing units, end of period (#)	**9**	7	29
Idle coiled tubing units, end of period (#)	**4**	6	(33)
Total coiled tubing units, end of period (#)[2]	**13**	13	—

[1] *Refer to "Non-GAAP Measures" on pages 24 and 25 for further information.*

REVENUE

Revenue from Calfrac's Canadian operations during the first nine months of 2017 was $403.3 million versus $177.7 million in the same period in 2016. As activity in Canada improved significantly from 2016, the Company reactivated two fleets during the first nine months of 2017. Through a combination of additional active equipment together with significantly improved utilization and pricing, the Company increased its revenue by 127 percent. The number of fracturing jobs increased by 167 percent due to a more active and efficient customer base than the same period in 2016. Revenue per fracturing job decreased by 14 percent from the same period in the prior year due to job mix and completion design.

OPERATING INCOME (LOSS)

The Company's Canadian division generated operating income of $70.1 million during the first nine months of 2017 compared to an operating loss of $6.5 million in the first nine months in 2016. The return to positive income was the result of significantly better utilization and higher pricing. The Company incurred reactivation costs of $2.0 million during the first three quarters of the year primarily associated with the deployment of two incremental fracturing crews during the period and one additional fracturing crew that is planned for the first quarter in 2018. The Canadian division's SG&A expenses increased by 17 percent year-over-year primarily due to additional recruiting costs related to its crew reactivations as well as a larger operating scale and higher activity.

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UNITED STATES

Nine Months Ended September 30,	**2017**	2016	Change
(C$000s, except operational and exchange rate information) *(unaudited)*	***($)***	*($)*	*(%)*
Revenue	**445,807**	176,677	152
Expenses			
Operating	**364,931**	183,831	99
SG&A	**8,615**	11,905	(28)
	373,546	195,736	91
Operating income (loss)[1]	**72,261**	(19,059)	NM
Operating income (loss) (%)	**16.2**	(10.8)	NM
Fracturing revenue per job ($)	**39,144**	32,162	22
Number of fracturing jobs	**11,181**	5,442	105
Active pumping horsepower, end of period (000s)	**588**	249	136
Idle pumping horsepower, end of period (000s)	**188**	362	(48)
Total pumping horsepower, end of period (000s)[2]	**776**	611	27
Active coiled tubing units, end of period (#)	**—**	—	—
Idle coiled tubing units, end of period (#)	**5**	5	—
Total coiled tubing units, end of period (#)	**5**	5	—
Active cementing units, end of period (#)	**—**	—	—
Idle cementing units, end of period (#)	**11**	11	—
Total cementing units, end of period (#)	**11**	11	—
US$/C$ average exchange rate[3]	**1.3072**	1.3228	(1)

[1] Refer to "Non-GAAP Measures" on pages 24 and 25 for further information.
[2] The Company reactivated equipment that was previously identified as impaired based on the impairment provision at December 31, 2015.
[3] Source: Bank of Canada.

REVENUE

Revenue from Calfrac's United States operations increased to $445.8 million during the first nine months of 2017 from $176.7 million in the same period in 2016 due to significantly higher fracturing activity and improved pricing. Completions activity in the United States has shown meaningful improvement year-over-year, which allowed the Company to reactivate equipment throughout 2017. The Company responded to this increase in industry activity by activating eight fracturing crews since the end of the third quarter in 2016, representing 339,000 horsepower, including one crew servicing the Permian basin in New Mexico and Texas. The number of fracturing jobs completed during the first nine months of 2017 increased by 105 percent from 2016 due to higher activity across all operating areas. Revenue per job increased by 22 percent year-over-year due to the completion of larger jobs in Pennsylvania and North Dakota while higher pricing in all operating regions also had a positive impact on revenue per job during the period.

OPERATING INCOME (LOSS)

The Company's United States division generated operating income of $72.3 million during the first nine months of 2017 after operating at a loss of $19.1 million during the same period of 2016. Strong utilization combined with a larger number of active fleets resulted in the significant year-over-year improvement in operating income. Since the end of the third quarter of 2016, the Company has reactivated eight fracturing fleets across its operating districts in Colorado, North Dakota, Pennsylvania and Texas. The operating results in 2017 also included reactivation costs of $14.4 million while the operating loss in 2016 included restructuring costs and bad debt expenses of $3.1 million and $0.3 million, respectively.

RUSSIA

Nine Months Ended September 30,	**2017**	2016	Change
(C$000s, except operational and exchange rate information) *(unaudited)*	***($)***	*($)*	*(%)*
Revenue	**88,977**	71,459	25
Expenses			
Operating	**77,177**	61,612	25
SG&A	**2,382**	1,778	34
	79,559	63,390	26
Operating income[1]	**9,418**	8,069	17
Operating income (%)	**10.6**	11.3	(6)
Fracturing revenue per job ($)	**74,766**	68,048	10
Number of fracturing jobs	**999**	831	20
Pumping horsepower, end of period (000s)	**70**	70	—
Coiled tubing revenue per job ($)	**43,820**	40,411	8
Number of coiled tubing jobs	**326**	369	(12)
Active coiled tubing units, end of period (#)	**6**	6	—
Idle coiled tubing units, end of period (#)	**1**	1	—
Total coiled tubing units, end of period (#)	**7**	7	—
Rouble/C$ average exchange rate[2]	**0.0224**	0.0194	15

[1] Refer to "Non-GAAP Measures" on pages 24 and 25 for further information.
[2] Source: Bank of Canada.

REVENUE

Revenue from Calfrac's Russian operations during the first nine months of 2017 increased by 25 percent to $89.0 million from $71.5 million in the comparable period in 2016. The increase in revenue, which is generated in roubles, was partially related to higher fracturing activity combined with the 15 percent appreciation of the Russian rouble in 2017 versus 2016. The improvement in revenue was partially offset by lower coiled tubing activity. Revenue per fracturing job increased by 10 percent due to the currency appreciation offset partially by the impact of job mix.

OPERATING INCOME

Operating income in Russia improved to $9.4 million during the first nine months of 2017 from $8.1 million in the comparable period in 2016 primarily due to the 15 percent appreciation of the rouble combined with higher fracturing crew utilization. SG&A expenses increased by 34 percent during the period compared to the first nine months of 2016 due to the appreciation of the rouble combined with higher personnel costs.

LATIN AMERICA

Nine Months Ended September 30,	**2017**	2016	Change
(C$000s, except operational and exchange rate information) *(unaudited)*	***($)***	*($)*	*(%)*
Revenue	**104,181**	115,846	(10)
Expenses			
Operating	**96,424**	102,015	(5)
SG&A	**7,783**	13,485	(42)
	104,207	115,500	(10)
Operating (loss) income[1]	**(26)**	346	NM
Operating (loss) income (%)	**—**	0.3	(100)
Pumping horsepower, end of period (000s)	**122**	131	(7)
Active cementing units, end of period (#)	**12**	14	(14)
Idle cementing units, end of period (#)	**2**	—	NM
Total cementing units, end of period (#)	**14**	14	—
Active coiled tubing units, end of period (#)	**6**	7	(14)
Idle coiled tubing units, end of period (#)	**1**	—	NM
Total coiled tubing units, end of period (#)	**7**	7	—
Mexican peso/C$ average exchange rate[2]	**0.0694**	0.0723	(4)
Argentinean peso/C$ average exchange rate[2]	**0.0808**	0.0912	(11)

[1] Refer to "Non-GAAP Measures" on pages 24 and 25 for further information.
[2] Source: Bank of Canada and Bloomberg.

REVENUE

Calfrac's Latin American operations generated total revenue of $104.2 million during the first nine months of 2017 versus $115.8 million in the same period in 2016. In Argentina, revenue was lower than in 2016 due to lower pricing, a reduction in cementing activity and the completion of smaller fracturing jobs due to a shift in customer and basin mix combined with the depreciation in the Argentinean peso. In Mexico, revenue decreased by $5.0 million primarily due to lower fracturing activity with Calfrac's major customer.

OPERATING (LOSS) INCOME

Latin America operated at break-even levels during the first nine months of 2017 compared to generating operating income of $0.3 million in the comparable period in 2016. The decrease in operating income in 2017 was primarily due to lower equipment utilization and pricing combined with higher labour costs. In addition, the Company incurred $1.6 million of expenses relating to the start-up of operations in the Vaca Muerta unconventional gas play. Restructuring costs of $0.4 million were also recognized during the first nine months in 2017. SG&A expenses during the comparable nine-month period in 2016 contained a bad debt provision of $4.6 million relating to work performed in Mexico.

CORPORATE

Nine Months Ended September 30,	**2017**	2016	Change
(C$000s) *(unaudited)*	***($)***	*($)*	*(%)*
Expenses			
Operating	**2,668**	3,633	(27)
SG&A	**13,705**	19,178	(29)
	16,373	22,811	(28)
Operating loss[1]	**(16,373)**	(22,811)	(28)
% of Revenue	**1.6**	4.2	(62)

[1] *Refer to "Non-GAAP Measures" on pages 24 and 25 for further information.*

OPERATING LOSS

The Company achieved a 28 percent decline in corporate expenses for the first nine months of 2017 compared to the same period in 2016. Operating expenses were 27 percent lower as a result of lower district personnel costs. SG&A expenses were $5.5 million lower primarily due to a $6.4 million decrease in stock-based compensation expense. The Company reversed the liability related to its restricted share units and performance share units during the first half of 2017 which resulted in a recovery of $6.6 million compared to an expense of $2.0 million in the first half of 2016. This decrease was partially offset by higher non-cash expenses related to stock options and deferred share units, which were $2.2 million higher due to additional options granted during the period and a higher share price.

DEPRECIATION

Depreciation expense for the nine months ended September 30, 2017 decreased by 5 percent to $94.3 million from $99.6 million in the same period in 2016. The decrease was primarily due to a larger portion of the Company's asset base being fully depreciated.

FOREIGN EXCHANGE LOSSES

The Company recorded a foreign exchange loss of $26.2 million during the first nine months of 2017 versus a loss of $19.6 million in the same period in 2016. 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 and Latin America and liabilities held in Canadian dollars in Russia. The Company's foreign exchange loss during the period was largely attributable to the translation of U.S. dollar-denominated assets held in Canada as the U.S. dollar depreciated against the Canadian dollar during the period. In addition, the translation of U.S. dollar-denominated liabilities held in Argentina contributed to the foreign exchange loss as the value of the Argentinean peso depreciated against the U.S. dollar during the nine month period ending September 30, 2017.

INTEREST

The Company's net interest expense was $64.5 million in the first nine months of 2017 versus $58.0 million in the same period in 2016 due to higher average credit facility borrowings during the first nine months of 2017 and a higher rate of interest on the $200.0 million secured second lien term loan that was initiated during the second quarter of 2016.

INCOME TAXES

The Company recorded an income tax recovery of $22.4 million during the first nine months of 2017 compared to $77.4 million in the comparable period in 2016. The recovery was the result of pre-tax losses incurred in Canada, the United States and Argentina. The effective tax recovery rate was 39 percent during the first nine months in 2017 compared to 36 percent in the comparable period in 2016.

LIQUIDITY AND CAPITAL RESOURCES

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2017	2016	**2017**	2016
(C$000s) *(unaudited)*	***($)***	*($)*	***($)***	*($)*
Cash provided by (used in):				
Operating activities	**9,255**	(25,874)	**(58,910)**	(39,492)
Financing activities	**8,509**	(6,780)	**51,053**	69,156
Investing activities	**(15,973)**	(8,429)	**(44,371)**	(36,409)
Effect of exchange rate changes on cash and cash equivalents	**(7,577)**	1,416	**(14,102)**	(10,679)
Decrease in cash and cash equivalents	**(5,786)**	(39,667)	**(66,330)**	(17,424)

OPERATING ACTIVITIES

The Company's cash provided by operating activities for the three months ended September 30, 2017 was $9.3 million versus cash used of $25.9 million in the comparable period in 2016. The increase in cash provided by operations was primarily due to significantly improved operating results in Canada and the United States offset by working capital requiring $64.5 million of cash in the third quarter of 2017 compared to $9.0 million in the comparable period in 2016. At September 30, 2017, Calfrac's working capital was approximately $334.6 million compared to $271.6 million at December 31, 2016.

The Company has a performance based compensation program designed to reward officers and eligible employees with additional compensation based on the Company meeting and exceeding pre-determined operating and financial thresholds. At September 30, 2017, the financial thresholds had not been met. However, based on the material improvement in the Company's operating and financial results year to date, and the positive near term industry outlook, these thresholds may be achieved during the balance of the year, which would result in the payment of short term incentive compensation and the vesting of restricted share units. The magnitude of any such payments cannot be determined at this time. Notwithstanding the foregoing, the Board of Directors has discretion over awarding any such performance based payments in any circumstances and will consider not only the operating and financial results for fiscal 2017, but also the significant contributions made by Calfrac's employees in generating the operational and financial results achieved by the Company when making such determination.

FINANCING ACTIVITIES

Net cash provided by financing activities for the three months ended September 30, 2017 was $8.5 million compared to cash used of $6.8 million in the comparable period in 2016. During the three months ended September 30, 2017, the Company received net funds from borrowings under its credit facilities of $9.0 million and made principal payments under its term loan of $0.5 million.

On September 27, 2017, Calfrac amended and extended its credit facilities to June 1, 2020. The amendment included a voluntary reduction in the total facilities from $300.0 million to $275.0 million. The facilities consist of an operating facility of $27.5 million and a syndicated facility of $247.5 million. The Company's credit facilities mature on June 1, 2020 and can be extended by one or more years at the Company's request and lenders' acceptance. The Company also may prepay principal without penalty. The interest rates are based on the parameters of certain bank covenants. For prime-based loans and U.S. base-rate loans, the rate ranges from prime or U.S. base rate plus 0.50 percent to prime plus 2.50 percent. For LIBOR-based loans and bankers' acceptance-based loans, the margin thereon ranges from 1.50 percent to 3.50 percent above the respective base rates. The accordion feature of the syndicated facility remains at $200.0 million, and is available to the Company during the term of the agreement. The Company will incur interest at the high end of the ranges outlined above until its net Total Debt to Adjusted EBITDA ratio is below 5.00:1.00. Additionally, until such a time as the Company's net Total Debt to Adjusted EBITDA ratio is below 5.00:1.00, certain restrictions will apply including the following: (a) acquisitions will be subject to majority lender consent; (b) distributions will be restricted other than those relating to the Company's share unit plans, and no increase in the rate of dividends will be permitted; and (c) the Company will be prohibited from utilizing advances under the credit facilities to redeem or repay subordinated debt. As at September 30, 2017, the Company's net Total Debt to Adjusted EBITDA ratio, which excludes any benefit from the equity cure, was 7.69:1.00.

Advances under the credit facilities are limited by a borrowing base. The borrowing base is calculated based on the following:

i. Eligible North American accounts receivable, which is based on 75 percent of accounts receivable owing by companies rated BB+ or lower by Standard & Poor's (or a similar rating agency) and 85 percent of accounts receivable from companies rated BBB- or higher;

ii. 100 percent of unencumbered cash of the parent company and its U.S. operating subsidiary, excluding any cash held in a segregated account for the purposes of a potential equity cure; and

iii. 25 percent of the net book value of property, plant and equipment (PP&E) of the parent company and its U.S. operating subsidiary. The value of PP&E excludes assets under construction and is limited to $125.0 million.

As at September 30, 2017, the Company had used $2.6 million of its credit facilities for letters of credit and had $55.0 million of borrowings under its credit facilities, leaving $217.4 million in available liquidity under its credit facilities. As described above, the Company's credit facilities are subject to a monthly borrowing base calculation which could result in a lower liquidity amount.

The Company's credit facilities contain certain financial covenants as shown below.

Years ended December 31, except as indicated in notes below	**2017**	2016
Working capital ratio not to fall below	**1.15x**	1.15x
Funded Debt to Adjusted EBITDA not to exceed[(1)(2)(3)]	**3.00x**	5.00x
Funded Debt to Capitalization not to exceed[(2)(4)]	**0.30x**	0.30x

[(1)] Funded Debt to Adjusted EBITDA covenant is 3.00x for all quarters ended during the term of the agreement.
[(2)] Funded Debt is defined as Total Debt excluding all outstanding senior unsecured notes and the second lien senior secured term loan facility. Total Debt includes bank loans and long-term debt (before unamortized debt issuance costs and debt discount) plus outstanding letters of credit. For the purposes of the Total Debt to Adjusted EBITDA ratio, the Funded Debt to Capitalization Ratio and the Funded Debt to Adjusted EBITDA ratio, the amount of Total Debt or Funded Debt, as applicable, is reduced by the amount of cash on hand with lenders (excluding any cash held in a segregated account for the purposes of a potential equity cure).
[(3)] Adjusted EBITDA is defined as net income or loss for the period adjusted for interest, taxes, depreciation and amortization, non-cash stock-based compensation, non-controlling interest relating to Colombia, and gains and losses that are extraordinary or non-recurring.
[(4)] Capitalization is Total Debt plus equity attributable to the shareholders of Calfrac.

Proceeds from equity offerings may be applied, as an equity cure, in the calculation of Adjusted EBITDA towards the Funded Debt to Adjusted EBITDA covenant for any of the quarters ending prior to and including June 30, 2020 subject to certain conditions including:

i. the Company is only permitted to use the proceeds of a common share issuance to increase Adjusted EBITDA a maximum of two times;

ii. the Company cannot use the proceeds of a common share issuance to increase Adjusted EBITDA in consecutive quarter ends;

iii. the maximum proceeds of each common share issuance permitted to be attributed to Adjusted EBITDA cannot exceed the greater of 50 percent of Adjusted EBITDA on a trailing four-quarter basis and $25.0 million; and

iv. if proceeds are not used immediately as an equity cure they must be held in a segregated bank account pending an election to use them for such purpose, and if they are removed from such account but not used as an equity cure they will no longer be eligible for such use.

On December 6, 2016, Calfrac closed a bought deal private placement of 21,055,000 common shares for net proceeds of approximately $56.6 million. On December 22, 2015, Calfrac closed a bought deal private placement of 20,370,370 common shares for net proceeds of approximately $25.2 million. $50.0 million of the net proceeds from these offerings were held in a segregated account pending an election to use them as an equity cure. On April 3, 2017 the Company elected to use the first of its two fully-funded $25.0 million equity cures effective as of the quarter ending on June 30, 2017. The September 2017 amendments to the credit facilities provided that the Company can utilize two equity cures during the term of the credit facilities subject to the conditions described above, and confirmed that the previously funded $25.0 million equity cure may continue to be held in a segregated account to be used as an equity cure if required at a future date. To utilize an equity cure, the Company must provide notice of any such election to the lending syndicate at any time prior to the filing of its quarterly financial statements for the applicable quarter on SEDAR. Throughout the period ending on June 30, 2020, amounts used as an equity cure will increase Adjusted EBITDA over the relevant twelve-month rolling period and will also serve to reduce Funded Debt. The funds that were removed from the segregated account and utilized as an equity cure for the quarter ending on June 30,

2017, as described above, were used for general working capital and corporate purposes. When the remaining funds are removed from the segregated account, as an equity cure or otherwise, they are expected to be used to fund capital expenditures, to reduce outstanding indebtedness, and/or to be used for general working capital and corporate purposes.

As shown in the table below, at September 30, 2017, the Company was in compliance with the financial covenants associated with its credit facilities.

	Covenant	**Actual**
As at September 30,	2017	**2017**
Working capital ratio not to fall below	1.15x	**2.63x**
Funded Debt to Adjusted EBITDA not to exceed	3.00x	**0.29x**
Funded Debt to Capitalization not to exceed	0.30x	**0.03x**

The Company's credit facilities also contain certain restrictions with respect to dispositions of property or assets in Canada and the United States. For such dispositions occurring on or prior to December 31, 2018, majority lender consent is required if the aggregate market value exceeds $40.0 million and for such dispositions occurring in a calendar year commencing January 1, 2019, majority lender consent is required if the aggregate market value exceeds $20.0 million. There are no restrictions pertaining to dispositions of property or assets outside of Canada and the United States, except that to the extent that advances under the credit facilities exceed $50.0 million at the time of any such dispositions, Calfrac must use the resulting proceeds to reduce the advances to less than $50.0 million before using the balance for other purposes.

The indenture governing the senior unsecured notes, which is available on SEDAR, contains restrictions on the Company's ability to pay dividends, purchase and redeem shares of the Company and make certain restricted investments, that are not defined as Permitted Investments under the indenture, in circumstances where:

i. the Company is in default under the indenture or the making of such payment would result in a default;

ii. the Company is not meeting the Fixed Charge Coverage Ratio[(1)] under the indenture of at least 2:1 for the most recent four fiscal quarters, with the restricted payments regime commencing once internal financial statements are available which show that the ratio is not met on a pro forma basis for the most recently ended four fiscal quarter period; or

iii. there is insufficient room for such payment within a builder basket included in the indenture.

[(1)] The Fixed Charge Coverage Ratio is defined as cash flow to interest expense. Cash flow is a non-GAAP measure and does not have a standardized meaning under IFRS and is defined under the indenture as net income (loss) attributable to the shareholders of Calfrac before depreciation, extraordinary gains or losses, unrealized foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, impairment of assets, restructuring charges, provision for settlement of litigation, stock-based compensation, interest, and income taxes.

These limitations on restricted payments are tempered by the existence of a number of exceptions to the general prohibition, including a basket allowing for restricted payments in an aggregate amount of up to US$20.0 million. As at September 30, 2017 this basket was not utilized. The indenture also restricts the ability to incur additional indebtedness if the Fixed Charge Coverage Ratio determined on a pro forma basis for the most recently ended four fiscal quarter period for which internal financial statements are available is not at least 2:1. As is the case with restricted payments, there are a number of exceptions to this prohibition on the incurrence of additional indebtedness, including the incurrence of additional debt under credit facilities up to the greater of $175.0 million or 30 percent of the Company's consolidated tangible assets. At September 30, 2017, the Company was able to incur additional indebtedness of approximately $350.0 million pursuant to the aforementioned exception.

As at September 30, 2017, the Company's Fixed Charge Coverage Ratio of 1.51:1 was less than the required 2:1 ratio. Failing to meet the Fixed Charge Coverage Ratio is not an event of default under the indenture, and the baskets highlighted in the preceding paragraph provide sufficient flexibility for the Company to incur additional indebtedness and make anticipated restricted payments which may be required to conduct its operations during periods of weakened market conditions.

On June 10, 2016, the Company closed a $200.0 million second lien senior secured term loan financing with Alberta Investment Management Corporation (AIMCo). The term loan matures on September 30, 2020 and bears interest at the rate of 9 percent annually and is payable quarterly. In addition, amortization payments equal to 1 percent of the original principal amount are payable annually in equal quarterly installments, with the balance due on the maturity date. In conjunction with the funding of the term loan, a total of 6,934,776 warrants to purchase common shares of the Company were issued to AIMCo, entitling

it to acquire 6,934,776 common shares at a price of $4.14 per common share at any time prior to June 10, 2019. No amendments were made to the available commitment, term, covenants or interest rates payable under Calfrac's existing credit facilities as part of the required approvals for the term loan.

INVESTING ACTIVITIES

Calfrac's net cash used for investing activities was $16.0 million for the three months ended September 30, 2017 versus $8.4 million in the comparable period in 2016. Cash outflows relating to capital expenditures were $18.2 million during the third quarter in 2017 compared to $9.0 million in 2016. Capital expenditures were primarily to support the Company's North American fracturing operations. The Company disposed of assets during the third quarter for proceeds of $2.2 million compared to $0.6 million in the comparable quarter in 2016.

As a result of increased activity and demand for its equipment, the Company is announcing a further increase in its 2017 capital budget from $65.0 million to $95.0 million. The incremental capital expenditures will be largely focused on maintenance capital for a larger fleet of equipment operating in North America due to a higher number of fleet activations than were initially planned.

EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS

The effect of changes in foreign exchange rates on the Company's cash and cash equivalents during the three months ended September 30, 2017 was a loss of $7.6 million versus a gain of $1.4 million during the comparable period in 2016. These gains and losses relate to cash and cash equivalents held by the Company in a foreign currency.

With its working capital position, available credit facilities and anticipated funds provided by operations, the Company expects to have adequate resources to fund its financial obligations and planned capital expenditures for 2017 and beyond.

At September 30, 2017, the Company had cash and cash equivalents of $43.6 million of which $25.0 million was held in a segregated account at the Company's discretion, so that it may be utilized if required in the calculation of Adjusted EBITDA for purposes of the Company's bank covenants.

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 and performance share unit plan is equal to 10 percent of the Company's issued and outstanding common shares. As at October 20, 2017, there were 136,789,990 common shares issued and outstanding, 10,306,450 options to purchase common shares and 6,934,776 warrants to purchase common shares.

BUSINESS UPDATE AND OUTLOOK

Calfrac's third-quarter results reflect further improvement in its operating and financial performance driven by a continued focus on maintaining a highly productive and cost-conscious operation combined with the impact of incremental pricing gains in Canada and the United States. Throughout the remainder of 2017, the Company expects further reactivations to occur in North America although the pace of pricing gains is anticipated to slow.

CANADA

Calfrac's Canadian division posted strong revenue and profitability during the third quarter of 2017. Higher liquids-driven activity combined with continued increases in service intensity contributed to the significant improvement in the Company's business fundamentals. This improvement is a result of robust pressure pumping demand combined with the impact of operating efficiencies from Calfrac and its client base as well as further pricing adjustments.

Although liquids pricing improved during the quarter, Western Canadian spot gas pricing fell materially which has impacted the economics of some of the Company's client base. As a result, completions activity in Canada is expected to shift more towards oil and liquids-rich gas resource plays in 2018. The Company expects strong levels of activity through the majority of the fourth quarter although activity is expected to be slightly lower than the third quarter as 2017 capital programs are completed and the onset of winter weather and holiday schedules occur. As well, low gas prices may drive some shift in activity in the near term. Activity in the first quarter of 2018 is expected to be robust for Calfrac's Canadian operations, but will be confirmed by the budget announcements of its customer base later in the fourth quarter.

Cost inflation was less severe in the third quarter than earlier in the year, although weather events impacted the availability and price of some chemical products during the quarter. The Company expects that cost inflation will remain modest over the short term unless there is a significant step change in activity.

The Company secured exclusive access to a fifth sand transload facility in Canada during the quarter. This new facility augments Calfrac's ability to deliver large quantities of sand to client locations in a reliable and cost-effective manner and further reduces execution risk for the Company and its clients.

The Company plans to deploy an incremental Montney-focused fracturing fleet in Canada early in the first quarter of 2018. Calfrac has added a number of high quality clients that are focused on the Montney and Deep Basin. After the activation of its eighth fracturing fleet, the Company expects to have approximately 300,000 of active horsepower in Canada. Additionally, Calfrac plans to redeploy two idle coiled tubing units from the United States and expects that the first of these units will commence operations in the first quarter of 2018.

Calfrac anticipates that reactivation expenses for its eighth fracturing fleet will total approximately $2.5 million, including $1.0 million recorded in the third quarter of 2017. Future reactivations will require older equipment to enter service which is expected to result in an increase in overall fleet reactivation costs. Any additional fracturing equipment reactivations will depend on the risk-return balance considering geographic, industry and labour factors.

UNITED STATES

The United States experienced further improvement in the third quarter as a result of high levels of equipment utilization, improved pricing and proactive cost management. However, a stronger Canadian dollar impacted reported results by 9 percent relative to the previous quarter. During the quarter, the Company reactivated four fleets, including two incremental fleets in North Dakota, one fleet in Pennsylvania and commenced operations with one fleet in the Permian Basin based in Artesia, New Mexico. The Company's San Antonio district was reopened and the Company plans to reactivate a fleet in that region in the near-term.

Late in the third quarter, Calfrac took advantage of a break in client work schedules in Colorado and temporarily transferred a second fleet into the Permian Basin. The Company expects that this fleet will be replaced by a newly reactivated fleet during the fourth quarter and, as a result, Calfrac will operate 13 fleets in the U.S. market totalling approximately 600,000 horsepower. Calfrac expects that the pace of U.S. fleet additions will slow but barring any deterioration in market conditions, it expects to fully reactivate all of its fracturing equipment during 2018.

Pricing has continued to improve in the Company's U.S. operations, although similar to Canada, utilization, efficiencies and cost control have been more important drivers to profitability growth than net pricing improvement. Looking forward, higher demand for safe, productive and reliable fracturing services provides Calfrac with opportunities to align with financially strong and execution-focused clients to drive further operating efficiencies and improved profitability.

RUSSIA

Calfrac's Russian operations generated consistent financial results in the third quarter of 2017 as utilization levels remained strong. The Company anticipates that its fourth-quarter financial performance in Russia will be similar to the prior year as Western Siberia transitions to winter operating conditions. The Company is in the process of finalizing its 2018 annual contracts and expects that activity will be relatively consistent with 2017.

LATIN AMERICA

The meaningful gain in revenue in the third quarter was due to the substantial increase in activity in Argentina, including increased work volumes in the Vaca Muerta shale play. During the quarter, the Company began working for a major international customer in the region. As activity accelerates, the Company expects profitability to increase, although the pace of this improvement is anticipated to be slower than observed in North America.

In Mexico, the business environment remains challenging with very limited onshore pressure pumping activity. Calfrac will continue to evaluate this market while maintaining a small scale operating presence with a minimal cost structure.

CORPORATE

Although operating results continue to improve, Calfrac remains focused on increasing the profitability of its operations by delivering high quality and cost effective service to its clients while maintaining an excellent asset base and experienced workforce. Management remains acutely focused in the short term on the prudent allocation of capital assets and people in its operations. In the longer term, management continues to evaluate options for the Company's balance sheet that can provide appropriate liquidity as well as mitigate longer-term risks.

As a result of increased activity and demand for its equipment, the Company is announcing a further increase in its 2017 capital budget from $65.0 million to $95.0 million. The incremental capital expenditures will be largely focused on maintenance capital

for a larger fleet of equipment operating in North America due to a higher number of fleet activations than were initially planned.

NON-GAAP MEASURES

Certain supplementary measures presented in this MD&A do not have any standardized meaning under IFRS and, because IFRS have been incorporated as Canadian generally accepted accounting principles (GAAP), these supplementary measures are also 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 explained below.

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

	Three Months Ended Sept. 30,		**Nine Months Ended Sept. 30,**	
	2017	2016	**2017**	2016
(C$000s) *(unaudited)*	***($)***	*($)*	***($)***	*($)*
Net income (loss)	**6,678**	(42,169)	**(35,285)**	(140,201)
Add back (deduct):				
Depreciation	**30,604**	32,952	**94,307**	99,550
Foreign exchange losses (gains)	**13,556**	(127)	**26,174**	19,575
Loss on disposal of property, plant and equipment	**5,405**	583	**8,073**	520
Interest	**21,134**	20,802	**64,488**	58,026
Income taxes	**819**	(24,433)	**(22,426)**	(77,383)
Operating income (loss)	**78,196**	(12,392)	**135,331**	(39,913)

Adjusted EBITDA is defined in the Company's credit facilities for covenant purposes as net income or loss for the period adjusted for interest, income taxes, depreciation and amortization, non-cash stock-based compensation, non-controlling interest, and gains and losses that are extraordinary or non-recurring. Adjusted EBITDA is presented because it is used in the calculation of the Company's bank covenants. Adjusted EBITDA for the period was calculated as follows:

	Three Months Ended Sept. 30,		**Nine Months Ended Sept. 30,**	
	2017	2016	**2017**	2016
(C$000s) *(unaudited)*			***($)***	*($)*
Net income (loss)	**6,678**	(42,169)	**(35,285)**	(140,201)
Add back (deduct):				
Depreciation	**30,604**	32,952	**94,307**	99,550
Unrealized foreign exchange losses	**13,814**	20	**26,208**	22,327
Loss on disposal of property, plant and equipment	**5,405**	583	**8,073**	520
Provision for settlement of litigation	**—**	—	**(139)**	—
Restructuring charges	**213**	514	**568**	4,417
Stock-based compensation	**1,302**	674	**3,605**	1,697
Losses attributable to non-controlling interest[(1)]	**1,144**	2	**3,211**	14
Interest	**21,134**	20,802	**64,488**	58,026
Income taxes	**819**	(24,433)	**(22,426)**	(77,383)
Adjusted EBITDA[(2)]	**81,113**	(11,055)	**142,610**	(31,033)

[(1)] The definition of Adjusted EBITDA excluded non-controlling interest related to Argentina during 2016.
[(2)] Adjusted EBITDA for the purposes of the funded debt to Adjusted EBITDA covenant includes an additional $25.0 million for the nine months ended September 30, 2017 as the Company elected to use the first of its two fully funded equity cures effective the quarter ended June 30, 2017.

CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

Calfrac has various contractual lease commitments related to vehicles, equipment and facilities as well as purchase obligations for products, services and property, plant and equipment as disclosed in the Company's 2016 annual consolidated financial statements.

GREEK LITIGATION

As described in note 13 to the annual consolidated financial statements, the Company and one of its Greek subsidiaries are involved in a number of legal proceedings in Greece. Management regularly evaluates the likelihood of potential liabilities being incurred and the amounts of such liabilities after careful examination of available information and discussions with its legal advisors. Management is of the view that it is improbable there will be a material financial impact to the Company as a result of these claims. Consequently, no provision was recorded in the consolidated financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This MD&A is based on the Company's consolidated financial statements for the three and nine months ended September 30, 2017 which were prepared in accordance with IFRS. Management is required to make assumptions, judgments and estimates in the application of IFRS. Calfrac's significant accounting policies are described in note 2 to the annual consolidated financial statements.

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

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

ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE

The Company performs ongoing credit evaluations of its customers and grants credit based on a review of historical collection experience, current aging status, financial condition of the customer and anticipated industry conditions. Customer payments are regularly monitored and a provision for doubtful accounts is established based on specific situations and overall industry conditions. In situations where the creditworthiness of a customer is uncertain, services are typically provided on receipt of cash in advance or services are declined. Calfrac's management believes that the provision for doubtful accounts receivable, which was $5.0 million at September 30, 2017, is adequate.

DEPRECIATION

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

FINANCIAL INSTRUMENTS

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

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial instruments included in the consolidated balance sheets, except long-term debt, approximate their carrying amounts due to the short-term maturity of those instruments. The fair value of the senior unsecured notes based on the closing market price at September 30, 2017 was $721.4 million before deduction of unamortized debt issuance costs and debt discount (December 31, 2016 – $702.9 million). The carrying value of the senior unsecured notes at September 30, 2017 was $748.8 million before deduction of unamortized debt issuance costs and debt discount (December 31, 2016 – $805.6 million). The fair values of the remaining long-term debt and finance lease obligations approximate their carrying values, as described in note 4 to the interim consolidated financial statements.

IMPAIRMENT

Assessment of impairment or reversal of impairment is based on management's judgment of whether there are internal and external factors that would indicate that an asset or CGU is impaired or the conditions for reversal of impairment are present.

As described in note 4 to the annual consolidated financial statements, the impact of the continued decline in oil and natural gas prices on the Company's current and future financial results combined with the oversupply of pressure pumping equipment in North America were indicators of impairment during the fourth quarter of 2016, and the Company estimated the recoverable amount of its property, plant and equipment.

A comparison of the recoverable amounts of each CGU with their respective carrying amounts resulted in no impairment charge with respect to property, plant and equipment during the fourth quarter of 2016. There were no further triggers or indications of impairment that warranted an assessment of impairment of the Company's property, plant and equipment during the three months ended September 30, 2017.

During the second quarter of 2017, the Company reactivated equipment that was previously impaired at December 31, 2015. Due to the continued volatility in the pressure pumping industry, the Company has not reversed any impairment related to the reactivated equipment but will continue to monitor industry conditions throughout the remainder of the year and assess at an appropriate time whether these conditions support the recording of a reversal of impairment.

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. The realizability of deferred income tax assets is an estimate and requires judgments to be made by management. Estimates of the Company's future taxable income are considered in assessing the utilization of available tax losses. The Company's business is complex and the calculation of income taxes involves many complex factors as well as the Company's interpretation of relevant tax legislation and regulations.

STOCK-BASED COMPENSATION

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

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

FUNCTIONAL CURRENCY

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

CASH-GENERATING UNITS

The determination of CGUs is based on management's judgment regarding shared equipment, mobility of equipment, geographical proximity and materiality.

RELATED-PARTY TRANSACTIONS

In November 2010, the Company loaned a senior officer $2.5 million to purchase common shares of the Company on the Toronto Stock Exchange (TSX). The loan is on a non-recourse basis and is secured by the common shares acquired with the loan proceeds. The loan was amended in February 2015 to extend the term by five years to November 8, 2020 and change the interest rate to the prescribed rate under the Income Tax Act (Canada), which rate was 1.0 percent per annum at the time of

the amendment. The loan was subsequently amended in December 2016 to make it non-interest bearing, effective February 24, 2015. The market value of the shares that secure the loan was approximately $0.9 million as at September 30, 2017 (December 31, 2016 – $0.8 million). In accordance with applicable accounting standards regarding share purchase loans receivable, this loan is classified as a reduction of shareholders' equity due to its non-recourse nature. In addition, the shares purchased with the loan proceeds are considered to be, in substance, stock options.

The Company leases certain premises from an entity controlled by one of its directors. The rent charged for these premises during the nine months ended September 30, 2017 was $1.3 million (nine months ended September 30, 2016 – $1.1 million), as measured at the exchange amount.

As disclosed in note 10 of the interim consolidated financial statements, the Company issued common shares under a private placement in 2016. Of the 21,055,000 shares issued, 3,508,700 were purchased by directors or entities controlled by directors of the Company for gross proceeds of $10.0 million.

CHANGES IN ACCOUNTING POLICIES

No new IFRS or interpretations from the International Financial Reporting Interpretations Committee came into effect for the year beginning on or after January 1, 2017 that had a material impact on the Company.

RECENT ACCOUNTING PRONOUNCEMENTS

In January 2016, the IASB issued IFRS 16 *Leases*, which requires lessees to recognize all leases on the balance sheet. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted for companies that also apply IFRS 15 *Revenue from Contracts with Customers*. The Company is currently evaluating the impact of the standard on its financial statements.

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. IFRS 15 will come into effect for annual periods beginning on or after January 1, 2018. The Company has completed its initial assessment and evaluation of the standard and determined that it will not have a material impact on its consolidated financial statements to the recognition of revenue but will have an impact on the disclosures associated with revenue.

In July 2014, the IASB completed the final elements of IFRS 9 *Financial Instruments*. The Standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9, as amended, includes a principle based approach for classification and measurement of financial assets, a single 'expected loss' impairment model and a substantially reformed approach to hedge accounting. IFRS 9 will come into effect for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company has completed its initial assessment and evaluation of the impact of the standard on its financial statements and does not expect this standard to have a significant effect on its consolidated financial statements.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting that occurred during the interim period ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

BUSINESS RISKS

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

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

ADVISORIES

FORWARD-LOOKING STATEMENTS

In order to provide Calfrac shareholders and potential investors with information regarding the Company and its subsidiaries, including management's assessment of Calfrac's plans and future operations, certain statements contained in this MD&A, including statements that contain words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "forecast" or similar words suggesting future outcomes, are forward-looking statements.

In particular, forward-looking statements in this MD&A include, but are not limited to, statements with respect to expected operating strategies and targets, capital expenditure programs, future financial resources, use of funds held in the Company's segregated bank account (as an equity cure or otherwise), anticipated equipment utilization levels, future oil and natural gas well activity in each of the Company's operating jurisdictions, results of acquisitions, the impact of environmental regulations and economic reforms and sanctions on the Company's business, future costs or potential liabilities, projections of market prices and costs, supply and demand for oilfield services, expectations regarding the Company's ability to maintain its competitive position, anticipated benefits of the Company's competitive position, expectations regarding the Company's financing activities and restrictions including with regard to its credit agreement, its term loan agreement and the indenture pursuant to which its senior notes were issued and its ability to raise capital, treatment under government regulatory regimes, commodity prices, anticipated outcomes of specific events (including exposure under existing legal proceedings), expectations regarding trends in, and the growth prospects of, the global oil and natural gas industry, the Company's growth strategy and prospects, and the impact of changes in accounting policies and standards on the Company and its financial statements. These statements are derived from certain assumptions and analyses made by the Company based on its experience and perception of historical trends, current conditions, expected future developments and other factors that it believes are appropriate in the circumstances, including, but not limited to, the economic and political environment in which the Company operates, the Company's expectations for its current and prospective customers' capital budgets and geographical areas of focus, the Company's existing contracts and the status of current negotiations with key customers and suppliers, the effectiveness of cost reduction measures instituted by the Company, the effect unconventional gas projects have had on supply and demand fundamentals for natural gas and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause actual results to differ materially from the Company's expectations. Such risk factors include: global economic conditions; the level of exploration, development and production for oil and natural gas in Canada, the United States, Russia, Argentina and Mexico; the demand for fracturing and other stimulation services during drilling and completion of oil and natural gas wells; volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally; excess oilfield equipment levels; regional competition; the availability of capital on satisfactory terms; restrictions resulting from compliance with debt covenants and risk of acceleration of indebtedness; direct and indirect exposure to volatile credit markets, including credit rating risk; sourcing, pricing and availability of raw materials, component parts, equipment, suppliers, facilities and skilled personnel; currency exchange rate risk; risks associated with foreign operations; operating restrictions and compliance costs associated with legislative and regulatory initiatives relating to hydraulic fracturing and the protection of workers and the environment; changes in legislation and the regulatory environment; dependence on, and concentration of, major customers; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; liabilities and risks associated with prior operations; liabilities relating to legal and/or administrative proceedings; failure to maintain the Corporation's safety standards and record; failure to realize anticipated benefits of acquisitions and dispositions; the ability to integrate technological advances and match advances from competitors; intellectual property risks; third party credit risk and the effect of accounting pronouncements issued periodically. Further information about these and other risks and uncertainties may be found under "Business Risks" above.

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

ADDITIONAL INFORMATION

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

CONSOLIDATED BALANCE SHEETS

As at	**September 30, 2017**	December 31, 2016
(C$000s) (unaudited)	***($)***	*($)*
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	**43,587**	109,917
Accounts receivable	**353,907**	158,709
Income taxes recoverable	**1,996**	3,715
Inventories	**124,734**	99,601
Prepaid expenses and deposits	**19,753**	16,992
	543,977	388,934
Non-current assets		
Property, plant and equipment	**1,049,695**	1,153,882
Deferred income tax assets	**82,999**	70,188
Total assets	**1,676,671**	1,613,004
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**207,050**	114,529
Current portion of long-term debt (note 4)	**2,289**	2,520
Current portion of finance lease obligations	**32**	304
	209,371	117,353
Non-current liabilities		
Long-term debt (note 4)	**983,967**	984,062
Finance lease obligations	**137**	—
Deferred income tax liabilities	**6,008**	14,131
Total liabilities	**1,199,483**	1,115,546
Equity attributable to the shareholders of Calfrac		
Capital stock (note 5)	**466,824**	466,445
Contributed surplus	**39,564**	36,040
Loan receivable for purchase of common shares (note 10)	**(2,500)**	(2,500)
(Deficit) retained earnings	**(16,745)**	15,329
Accumulated other comprehensive income (loss)	**2,275**	(8,736)
	489,418	506,578
Non-controlling interest	**(12,230)**	(9,120)
Total equity	**477,188**	497,458
Total liabilities and equity	**1,676,671**	1,613,004

Contingencies (note 13)
See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2017	2016	**2017**	2016
(C$000s, except per share data) (unaudited)	***($)***	*($)*	***($)***	*($)*
Revenue	**448,090**	174,925	**1,042,249**	541,668
Cost of sales (note 11)	**384,587**	206,530	**961,897**	628,940
Gross profit (loss)	**63,503**	(31,605)	**80,352**	(87,272)
Expenses				
Selling, general and administrative	**15,911**	13,739	**39,328**	52,191
Foreign exchange losses (gains)	**13,556**	(127)	**26,174**	19,575
Loss on disposal of property, plant and equipment	**5,405**	583	**8,073**	520
Interest	**21,134**	20,802	**64,488**	58,026
	56,006	34,997	**138,063**	130,312
Income (loss) before income tax	**7,497**	(66,602)	**(57,711)**	(217,584)
Income tax expense (recovery)				
Current	**663**	494	**2,207**	1,946
Deferred	**156**	(24,927)	**(24,633)**	(79,329)
	819	(24,433)	**(22,426)**	(77,383)
Net income (loss)	**6,678**	(42,169)	**(35,285)**	(140,201)
Net income (loss) attributable to:				
Shareholders of Calfrac	**7,822**	(40,862)	**(32,074)**	(136,604)
Non-controlling interest	**(1,144)**	(1,307)	**(3,211)**	(3,597)
	6,678	(42,169)	**(35,285)**	(140,201)
Earnings (loss) per share (note 5)				
Basic	**0.06**	(0.35)	**(0.23)**	(1.18)
Diluted	**0.06**	(0.35)	**(0.23)**	(1.18)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2017	2016	**2017**	2016
(C$000s) (unaudited)	***($)***	*($)*	***($)***	*($)*
Net income (loss)	**6,678**	(42,169)	**(35,285)**	(140,201)
Other comprehensive income (loss)				
Items that may be subsequently reclassified to profit or loss:				
Change in foreign currency translation adjustment	**6,005**	(109)	**11,112**	10,881
Comprehensive income (loss)	**12,683**	(42,278)	**(24,173)**	(129,320)
Comprehensive income (loss) attributable to:				
Shareholders of Calfrac	**13,740**	(40,833)	**(21,063)**	(125,885)
Non-controlling interest	**(1,057)**	(1,445)	**(3,110)**	(3,435)
	12,683	(42,278)	**(24,173)**	(129,320)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to the Shareholders of Calfrac							
	Share Capital	Contributed Surplus	Loan Receivable for Purchase of Common Shares	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total	Non-Controlling Interest	**Total Equity**
(C$000s) (unaudited)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	***($)***
Balance – Jan. 1, 2017	**466,445**	**36,040**	**(2,500)**	**(8,736)**	**15,329**	**506,578**	**(9,120)**	**497,458**
Net loss	—	—	—	—	(32,074)	(32,074)	(3,211)	**(35,285)**
Other comprehensive income:								
Cumulative translation adjustment	—	—	—	11,011	—	11,011	101	**11,112**
Comprehensive income (loss)	—	—	—	11,011	(32,074)	(21,063)	(3,110)	**(24,173)**
Stock options:								
Stock-based compensation recognized (note 6)	—	3,605	—	—	—	3,605	—	**3,605**
Proceeds from issuance of shares	379	(81)	—	—	–	298	—	**298**
Balance – Sept. 30, 2017	**466,824**	**39,564**	**(2,500)**	**2,275**	**(16,745)**	**489,418**	**(12,230)**	**477,188**
Balance – Jan. 1, 2016	409,809	27,849	(2,500)	(21,054)	213,426	627,530	(3,811)	623,719
Net loss	—	—	—	—	(136,604)	(136,604)	(3,597)	(140,201)
Other comprehensive income:								
Cumulative translation adjustment	—	—	—	10,719	—	10,719	162	10,881
Comprehensive income (loss)	—	—	—	10,719	(136,604)	(125,885)	(3,435)	(129,320)
Warrants:								
Fair value of warrants issued (note 6)	—	5,830	—	—	—	5,830	—	5,830
Stock options:								
Stock-based compensation recognized (note 6)	—	1,697	—	—	—	1,697	—	1,697
Balance – Sept. 30, 2016	409,809	35,376	(2,500)	(10,335)	76,822	509,172	(7,246)	501,926

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2017	2016	**2017**	2016
(C$000s) (unaudited)	***($)***	*($)*	***($)***	*($)*
CASH FLOWS PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net income (loss)	**6,678**	(42,169)	**(35,285)**	(140,201)
Adjusted for the following:				
Depreciation	**30,604**	32,952	**94,307**	99,550
Stock-based compensation	**1,302**	674	**3,605**	1,697
Unrealized foreign exchange losses	**13,814**	20	**26,208**	22,327
Loss on disposal of property, plant and equipment	**5,405**	583	**8,073**	520
Interest	**21,134**	20,802	**64,488**	58,026
Deferred income taxes	**156**	(24,927)	**(24,633)**	(79,329)
Interest paid	**(5,337)**	(4,817)	**(45,767)**	(39,385)
Changes in items of working capital (note 8)	**(64,501)**	(8,992)	**(149,906)**	37,303
Cash flows provided by (used in) operating activities	**9,255**	(25,874)	**(58,910)**	(39,492)
FINANCING ACTIVITIES				
Bank loan proceeds	**—**	—	**—**	4,977
Issuance of long-term debt, net of debt issuance costs	**9,025**	(3)	**52,754**	214,897
Issuance of finance lease obligation	**178**	—	**178**	—
Bank loan repayments	**—**	(6,054)	**—**	(17,712)
Long-term debt repayments	**(621)**	(624)	**(1,877)**	(130,919)
Finance lease obligation repayments	**(96)**	(99)	**(300)**	(281)
Net proceeds on issuance of common shares (note 5)	**23**	—	**298**	—
Dividends paid (note 5)	**—**	—	**—**	(1,806)
Cash flows provided by (used in) financing activities	**8,509**	(6,780)	**51,053**	69,156
INVESTING ACTIVITIES				
Purchase of property, plant and equipment (note 8)	**(18,160)**	(9,014)	**(49,928)**	(39,623)
Proceeds on disposal of property, plant and equipment	**2,187**	585	**5,557**	3,214
Cash flows used in investing activities	**(15,973)**	(8,429)	**(44,371)**	(36,409)
Effect of exchange rate changes on cash and cash equivalents	**(7,577)**	1,416	**(14,102)**	(10,679)
Decrease in cash and cash equivalents	**(5,786)**	(39,667)	**(66,330)**	(17,424)
Cash and cash equivalents, beginning of period	**49,373**	146,248	**109,917**	124,005
Cash and cash equivalents, end of period (note 3)	**43,587**	106,581	**43,587**	106,581

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2017 and 2016
(Amounts in text and tables are in thousands of Canadian dollars, except share data and certain other exceptions as indicated)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

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

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations by the International Financial Reporting Interpretations Committee (IFRIC). They should be read in conjunction with the annual financial statements for the year ended December 31, 2016. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies were always in effect.

These financial statements were approved by the Board of Directors for issuance on October 25, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The following recently issued accounting standards not yet applied that are applicable to the Company are as follows:

In January 2016, the IASB issued IFRS 16 *Leases*, which requires lessees to recognize all leases on the balance sheet. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted for companies that also apply IFRS 15 *Revenue from Contracts with Customers*. The Company is currently evaluating the impact of the standard on its financial statements.

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. IFRS 15 will come into effect for annual periods beginning on or after January 1, 2018. The Company has completed its initial assessment and evaluation of the standard and determined that it will not have a material impact on the recognition of revenue but will have an impact on the disclosures associated with revenue.

In July 2014, the IASB completed the final elements of IFRS 9 *Financial Instruments*. The Standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9, as amended, includes a principle based approach for classification and measurement of financial assets, a single 'expected loss' impairment model and a substantially reformed approach to hedge accounting. IFRS 9 will come into effect for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company has completed its initial assessment and evaluation of the impact of the standard on its financial statements and does not expect this standard to have a significant effect on its consolidated financial statements.

3. CASH AND CASH EQUIVALENTS

On December 6, 2016, the Company received net proceeds of $56,636 from a private placement offering of common shares. Another $25,194 of net proceeds was received from a private placement offering of common shares on December 22, 2015. Both of these transactions are described in further detail in note 5.

Prior to April 3, 2017, $50,000 of the net proceeds from these private placements were held in a segregated account. These funds are available for use at the Company's discretion and this amount can be transferred to its operating bank account at any time. The Company can also elect to use the proceeds as an equity cure. When the proceeds are utilized as an equity cure,

the funds are transferred to the Company's operating bank account and are available for use at the Company's discretion. In addition, the proceeds are applied as a reduction of Funded Debt and are included in the calculation of EBITDA for purposes of the Company's Funded Debt to EBITDA bank covenant.

On April 3, 2017, the Company elected to use the first of its two fully-funded $25,000 equity cures effective as of the quarter ending on June 30, 2017. As at September 30, 2017, $25,000 remains in a segregated account.

4. LONG-TERM DEBT

As at	**September 30, 2017**	December 31, 2016
(C$000s)	***($)***	*($)*
US$600,000 senior unsecured notes due December 1, 2020, bearing interest at 7.50% payable semi-annually	**748,800**	805,620
$200,000 second lien senior secured term loan facility due September 30, 2020, bearing interest at 9% payable quarterly, secured by the Canadian and U.S. assets of the Company on a second priority basis	**197,500**	199,000
$247,500 extendible revolving term loan facility, secured by Canadian and U.S. assets of the Company	**55,000**	—
Less: unamortized debt issuance costs	**(15,333)**	(18,736)
	985,967	985,884
US$232 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	**289**	698
	986,256	986,582
Less: current portion of long-term debt	**(2,289)**	(2,520)
	983,967	984,062

The fair value of the senior unsecured notes, as measured based on the closing quoted market price at September 30, 2017, was $721,379 (December 31, 2016 – $702,903). The carrying values of the mortgage obligation, revolving term loan facilities and the second lien term loan approximate their fair values as the interest rates are not significantly different from current interest rates for similar loans.

On September 27, 2017, the Company amended and extended its credit facilities to June 1, 2020. The amendment included a voluntary reduction in the total facilities from $300,000 to $275,000. The facilities consist of an operating facility of $27,500 and a revolving term loan facility of $247,500. The Company's credit facilities mature on June 1, 2020 and can be extended by one or more years at the Company's request and lenders' acceptance. The Company also may prepay principal without penalty. The interest rates are based on the parameters of certain bank covenants. For prime-based loans and U.S. base-rate loans, the rate ranges from prime or U.S. base rate plus 0.50 percent to prime plus 2.50 percent. For LIBOR-based loans and bankers' acceptance-based loans, the margin thereon ranges from 1.50 percent to 3.50 percent above the respective base rates. The facility maintains its accordion feature at $200,000, which is available to the Company during the term of the agreement. The Company will incur interest at the high end of the ranges outlined above until its net Total Debt to Adjusted EBITDA ratio is below 5.00:1.00. Additionally, until such a time as the Company's net Total Debt to Adjusted EBITDA ratio is below 5.00:1.00, certain restrictions will apply including the following: (a) acquisitions will be subject to majority lender consent; (b) distributions will be restricted other than those relating to the Company's share unit plans, and no increase in the rate of dividends will be permitted; and (c) the Company will be prohibited from utilizing advances under the credit facilities to redeem or repay subordinated debt. As at September 30, 2017, the Company's net Total Debt to Adjusted EBITDA ratio, which excludes any benefit from the equity cure, was 7.69:1.00.

Debt issuance costs related to this facility are amortized over its term.

On June 10, 2016, the Company entered into a $200,000 second lien senior secured term loan facility. The term loan matures on September 30, 2020, and bears interest at 9 percent per annum, payable quarterly. Amortization payments equal to 1 percent of the original principal amount are payable annually, in equal quarterly installments, with the balance due on the final maturity date. The proceeds from the term loan were made available in a single draw, and amounts borrowed under the term loan that are repaid or prepaid are not available for re-borrowing. The term loan is secured by the Canadian and U.S. assets of the Company on a second priority basis, subordinate only to the revolving term loan facility.

Interest on long-term debt (including the amortization of debt issuance costs and debt discount) for the nine months ended September 30, 2017 was $64,588 (nine months ended September 30, 2016 – $55,825).

At September 30, 2017, the Company had utilized $2,650 of its loan facility for letters of credit and had $55,000 outstanding under its revolving term loan facility, leaving $217,350 in available credit, subject to a monthly borrowing base calculation, which could result in a lower amount of available credit.

See note 9 for further details on the covenants in respect of the Company's long-term debt.

5. CAPITAL STOCK

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

	Nine Months Ended September 30, 2017		Year Ended December 31, 2016	
Continuity of Common Shares	**Shares**	**Amount**	Shares	Amount
	(#)	***($000s)***	*(#)*	*($000s)*
Balance, beginning of period	**136,634,590**	**466,445**	115,579,598	409,809
Issued upon exercise of stock options	**149,625**	**379**	—	—
Shares from private placements	**—**	**—**	21,055,000	56,636
Shares cancelled	**—**	**—**	(8)	—
Balance, end of period	**136,784,215**	**466,824**	136,634,590	466,445

The weighted average number of common shares outstanding for the three months ended September 30, 2017 was 136,606,064 basic and 138,105,347 diluted (three months ended September 30, 2016 – 115,410,398 basic and 116,554,975 diluted). The weighted average number of common shares outstanding for the nine months ended September 30, 2017 was 136,588,244 basic and 138,158,349 diluted (nine months ended September 30, 2016 – 115,410,398 basic and 115,609,802 diluted). The difference between basic and diluted shares is attributable to the dilutive effect of stock options and warrants issued by the Company as disclosed in note 6.

On December 6, 2016, the Company closed a bought deal private placement of 21,055,000 common shares for total gross proceeds of $60,007. Share issuance costs for the transaction were $3,371, resulting in net proceeds of $56,636. On December 22, 2015, the Company closed a bought deal private placement of 20,370,370 common shares for total gross proceeds of $27,500. Share issuance costs for the transaction were $2,306, resulting in net proceeds of $25,194.

A dividend of $0.015625 per common share, totalling $1,806, was declared on December 4, 2015 and paid on January 15, 2016.

During 2016, eight common shares were returned to the Company for cancellation. For accounting purposes, the cancellation of these shares was recorded as a reduction of capital stock in the amount of twenty-eight dollars, along with a corresponding increase to contributed surplus.

6. SHARE-BASED PAYMENTS

(a) Stock Options

Nine Months Ended September 30,		**2017**		2016
Continuity of Stock Options	**Options**	**Average Exercise Price**	Options	Average Exercise Price
	(#)	*($)*	*(#)*	*($)*
Balance, January 1	**7,246,386**	**6.62**	8,229,947	7.81
Granted during the period	**4,151,000**	**4.75**	267,500	1.45
Exercised for common shares	**(149,625)**	**1.99**	—	—
Forfeited	**(803,536)**	**8.11**	(773,649)	10.97
Expired	**(132,000)**	**12.76**	(62,000)	16.83
Balance, September 30	**10,312,225**	**5.74**	7,661,798	7.19

Stock options vest equally over four years and expire five years from the date of grant. The exercise price of outstanding options range from $1.34 to $20.81 with a weighted average remaining life of 3.17 years. When stock options are exercised, the proceeds together with the compensation expense previously recorded in contributed surplus, are added to capital stock.

The weighted average fair value of options granted during the nine months ended September 30, 2017, determined using the Black-Scholes valuation method, was $2.11 per option (nine months ended September 30, 2016 - $0.57 per option). The Company applied the following assumptions in determining the fair value of options on the date of grant:

Nine Months Ended September 30,	**2017**	2016
Expected life (years)	**3.5**	3.5
Expected volatility	**64.39%**	56.70%
Risk-free interest rate	**1.01%**	0.58%
Expected dividends	**$0.00**	$0.00

Expected volatility is estimated by considering historical average share price volatility.

(b) Share Units

Nine Months Ended September 30,		**2017**			2016	
Continuity of Stock Units	**Deferred Share Units**	**Performance Share Units**	**Restricted Share Units**	Deferred Share Units	Performance Share Units	Restricted Share Units
	(#)	*(#)*	*(#)*	*(#)*	*(#)*	*(#)*
Balance, January 1	**145,000**	**639,330**	**2,757,850**	72,500	238,995	812,828
Granted during the period	**145,000**	**124,000**	**2,566,900**	145,000	500,000	2,349,750
Exercised	**(145,000)**	**—**	**—**	(72,500)	—	—
Forfeited	**—**	**(79,665)**	**(689,708)**	—	(99,665)	(409,888)
Balance, September 30	**145,000**	**683,665**	**4,635,042**	145,000	639,330	2,752,690

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2017	2016	**2017**	2016
	($)	*($)*	***($)***	*($)*
Expense (recovery) from:				
Stock options	**1,302**	674	**3,605**	1,697
Deferred share units	**379**	39	**583**	320
Performance share units	**—**	11	**(1,560)**	396
Restricted share units	**—**	(19)	**(4,995)**	1,610
Total stock-based compensation expense	**1,681**	705	**(2,367)**	4,023

Stock-based compensation expense is included in selling, general and administrative expenses.

The Company grants deferred share units to its outside directors. These units vest in November of the year of grant and are settled either in cash (equal to the market value of the underlying shares at the time of exercise) or in Company shares purchased on the open market. The fair value of the deferred share units is recognized equally over the vesting period, based on the current market price of the Company's shares. At September 30, 2017, the liability pertaining to deferred share units was $551 (December 31, 2016 – $690).

The Company grants performance share units to a senior officer. The amount of the grants earned is linked to corporate performance and the grants vest on the approval of the Board of Directors at the meeting held to approve the consolidated financial statements for the year in respect of which performance is being evaluated. As with the deferred share units, performance share units are settled either in cash or Company shares purchased on the open market. At September 30, 2017, the liability pertaining to performance share units was $nil (December 31, 2016 – $1,560). The recovery of expense of $1,560 related to performance share units for the nine months ended September 30, 2017 reflects the fact that given the challenging market conditions, the Board of Directors has determined that these units will likely not vest.

The Company grants restricted share units to its employees. These units vest over three years and are settled either in cash (equal to the market value of the underlying shares at the time of exercise) or in Company shares purchased on the open market. The fair value of the restricted share units is recognized over the vesting period, based on the current market price of the Company's shares. At September 30, 2017, the liability pertaining to restricted share units was $nil (December 31, 2016 – $4,995). The recovery of expense of $4,995 related to restricted share units for the nine months ended September 30, 2017 reflects the fact that the financial thresholds for vesting such units are not expected to be met.

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

(c) Warrants

In conjunction with the second lien senior secured term loan facility as disclosed in note 4, 6,934,776 warrants to purchase common shares of the Company were issued during 2016, entitling the holder to acquire up to 6,934,776 common shares at a price of $4.14 per common share. The warrants expire on June 10, 2019 and can be exercised at any time prior to such date. The fair value of the warrants issued was estimated using a Black-Scholes pricing model, in the amount of $5,830 and accounted for as a deferred finance cost during 2016. To date, no warrants have been exercised.

7. FINANCIAL INSTRUMENTS

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

The fair values of financial instruments included in the consolidated balance sheets, except long-term debt, approximate their carrying amounts due to the short-term maturity of those instruments. The fair value of the senior unsecured notes based on the closing market price at September 30, 2017 was $721,379 before deduction of unamortized debt issuance costs (December 31, 2016 – $702,903). The carrying value of the senior unsecured notes at September 30, 2017 was $748,800 before deduction of unamortized debt issuance costs and debt discount (December 31, 2016 – $805,620). The fair values of the remaining long-term debt approximate their carrying values, as described in note 4.

8. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2017	2016	**2017**	2016
(C$000s)	***($)***	*($)*	***($)***	*($)*
Accounts receivable	**(96,507)**	(22,786)	**(195,198)**	71,687
Inventory	**(9,750)**	522	**(25,133)**	15,239
Prepaid expenses and deposits	**(496)**	583	**(2,761)**	1,261
Accounts payable and accrued liabilities	**40,466**	12,186	**71,467**	(50,139)
Income taxes recoverable	**1,786**	503	**1,719**	(745)
	(64,501)	(8,992)	**(149,906)**	37,303

Purchase of property, plant and equipment is comprised of:

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2017	2016	**2017**	2016
(C$000s)	***($)***	*($)*	***($)***	*($)*
Property, plant and equipment additions	**(22,093)**	(6,907)	**(57,416)**	(22,999)
Change in liabilities related to purchase of property, plant and equipment	**3,933**	(2,107)	**7,488**	(16,624)
	(18,160)	(9,014)	**(49,928)**	(39,623)

9. CAPITAL STRUCTURE

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

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

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

For the Twelve Months Ended	**September 30, 2017**	December 31, 2016
(C$000s)	***($)***	*($)*
Net loss	**(98,641)**	(203,557)
Adjusted for the following:		
Depreciation	**147,579**	152,822
Foreign exchange losses	**25,918**	19,319
Loss (gain) on disposal of property, plant and equipment	**7,062**	(491)
Impairment of inventory	**3,225**	3,225
Interest	**86,572**	80,110
Income taxes	**(54,675)**	(109,632)
Operating income (loss)	**117,040**	(58,204)

Net debt for this purpose is calculated as follows:

As at	**September 30, 2017**	December 31, 2016
(C$000s)	***($)***	*($)*
Long-term debt, net of debt issuance costs and debt discount (note 4)	**986,256**	986,582
Finance lease obligations	**169**	304
Less: cash and cash equivalents	**(43,587)**	(109,917)
Net debt	**942,838**	876,969

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

At September 30, 2017, the net debt to operating income ratio was 8.06:1 (December 31, 2016 – (15.07):1) calculated on a 12-month trailing basis as follows:

For the Twelve Months Ended	**September 30, 2017**	December 31, 2016
(C$000s, except ratio)	***($)***	*($)*
Net debt	**942,838**	876,969
Operating income (loss)	**117,040**	(58,204)
Net debt to operating income ratio	**8.06:1**	(15.07):1

The Company is subject to certain financial covenants relating to working capital, leverage and the generation of cash flow in respect of its operating and revolving credit facilities. These covenants are monitored on a monthly basis. At September 30, 2017 and December 31, 2016, the Company was in compliance with its covenants with respect to its credit facilities.

Years Ended December 31, except as indicated in notes below	**2017**	2016
Working capital ratio not to fall below	**1.15x**	1.15x
Funded Debt to Adjusted EBITDA not to exceed[(1)(2)(3)]	**3.00x**	5.00x
Funded Debt to Capitalization not to exceed[(2)(4)]	**0.30x**	0.30x

[(1)] Funded Debt to Adjusted EBITDA covenant is 3.00x for all quarters ended during the term of the agreement.
[(2)] Funded Debt is defined as Total Debt excluding all outstanding senior unsecured notes and the second lien senior secured term loan facility. Total Debt includes bank loans and long-term debt (before unamortized debt issuance costs and debt discount) plus outstanding letters of credit. For the purposes of the Total Debt to Adjusted EBITDA ratio, the Funded Debt to Capitalization Ratio and the Funded Debt to Adjusted EBITDA ratio, the amount of Total Debt or Funded Debt, as applicable, is reduced by the amount of cash on hand with lenders (excluding any cash held in a segregated account for the purposes of a potential equity cure).
[(3)] Adjusted EBITDA is defined as net income or loss for the period adjusted for interest, taxes, depreciation and amortization, non-cash stock-based compensation, non-controlling interest relating to Colombia, and gains and losses that are extraordinary or non-recurring.
[(4)] Capitalization is Total Debt plus equity attributable to the shareholders of Calfrac.

Advances under the credit facilities are limited by a borrowing base. The borrowing base is calculated based on the following:

i. Eligible North American accounts receivable, which is based on 75 percent of accounts receivable owing by companies rated BB+ or lower by Standard & Poor's (or a similar rating agency) and 85 percent of accounts receivable from companies rated BBB- or higher;

ii. 100 percent of unencumbered cash of the parent company and its U.S. operating subsidiary, excluding any cash held in a segregated account for the purposes of a potential equity cure; and

iii. 25 percent of the net book value of property, plant and equipment (PP&E) of the parent company and its U.S. operating subsidiary. The value of PP&E excludes assets under construction and is limited to $125,000.

Distributions are restricted other than those relating to the Company's share unit plans and dividend distributions, provided that the rate of dividends must not exceed $0.015625 per share quarterly.

The indenture governing the senior unsecured notes contains restrictions on the Company's ability to pay dividends, purchase and redeem shares of the Company, and make certain restricted investments in circumstances where

i. the Company is in default under the indenture or the making of such payment would result in a default;
ii. the Company is not meeting the Fixed Charge Coverage Ratio[1] under the indenture of at least 2:1 for the most recent four fiscal quarters; or
iii. there is insufficient room for such payment within a builder basket included in the indenture.

[1] The Fixed Charge Coverage Ratio is defined as cash flow to interest expense. Cash flow is a non-GAAP measure and does not have a standardized meaning under IFRS and is defined under the indenture as net income (loss) attributable to the shareholders of Calfrac before depreciation, extraordinary gains or losses, unrealized foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, impairment of assets, restructuring charges, provision for settlement of litigation, stock-based compensation, interest, and income taxes.

These limitations on restricted payments are tempered by the existence of a number of exceptions to the general prohibition, including a basket allowing for restricted payments in an aggregate amount of up to US$20,000. As at September 30, 2017, this basket was not utilized.

The indenture also restricts the incurrence of additional indebtedness if the Fixed Charge Coverage Ratio determined on a pro forma basis for the most recently ended four fiscal quarter period for which internal financial statements are available is not at least 2:1. As is the case with restricted payments, there are a number of exceptions to this prohibition on the incurrence of additional indebtedness, including the incurrence of additional debt under credit facilities up to the greater of $175,000 or 30 percent of the Company's consolidated tangible assets. At September 30, 2017, the Company was able to incur additional indebtedness of approximately $350,000 pursuant to the aforementioned exception.

As at September 30, 2017, the Company's Fixed Charge Coverage Ratio of 1.51:1 was less than the required 2:1 ratio. Failing to meet the Fixed Charge Coverage Ratio is not an event of default under the indenture, and the baskets highlighted in the preceding paragraphs provide sufficient flexibility for the Company to make anticipated restricted payments, such as dividends, and incur additional indebtedness as required to conduct its operations and satisfy its obligations during periods of weakened market conditions.

The Company has measures in place to ensure that it has sufficient liquidity to navigate the cyclical nature of the oilfield services sector and safeguard the Company's ability to continue as a going concern. The Company negotiated amendments to its credit facilities to provide increased financial flexibility. These amendments include an "Equity Cure" feature pursuant to which proceeds from equity offerings may be applied as both an adjustment in the calculation of Adjusted EBITDA and as a reduction of Funded Debt towards the Funded Debt to Adjusted EBITDA ratio covenant for any of the quarters ending prior to and including June 30, 2020, subject to certain conditions including:

i. the Company is only permitted to use the proceeds of a common share issuance to increase Adjusted EBITDA a maximum of two times;
ii. the Company cannot use the proceeds of a common share issuance to increase Adjusted EBITDA in consecutive quarter ends;
iii. the maximum proceeds of each common share issuance permitted to be attributed to Adjusted EBITDA cannot exceed the greater of 50 percent of Adjusted EBITDA on a rolling four-quarter basis and $25,000; and
iv. if proceeds are not used immediately as an equity cure they must be held in a segregated bank account pending an election to use them for such purpose, and if they are removed from such account but not used as an equity cure they will no longer be eligible for such use.

In addition, to the extent that proceeds from an equity offering are used as part of the Equity Cure, such proceeds are included in the calculation of the Company's borrowing base.

On April 3, 2017, the Company elected to use the first of its two fully-funded $25,000 equity cures effective as of the quarter ending on June 30, 2017. As at September 30, 2017, $25,000 remains in a segregated account.

10. RELATED-PARTY TRANSACTIONS

In November 2010, the Company lent a senior officer $2,500 to purchase common shares of the Company on the Toronto Stock Exchange. The loan is on a non-recourse basis and is secured by the common shares acquired with the loan proceeds. The loan was amended in February 2015 to extend the term by five years to November 8, 2020 and change the interest rate to the prescribed rate under the Income Tax Act (Canada), which rate was 1.0 percent per annum at the time of the amendment. The

loan was subsequently amended in December 2016 to make it non-interest bearing, effective February 24, 2015. The market value of the shares that secure the loan was approximately $858 as at September 30, 2017 (December 31, 2016 – $805). In accordance with applicable accounting standards regarding share purchase loans receivable, this loan is classified as a reduction of shareholders' equity due to its non-recourse nature. In addition, the shares purchased with the loan proceeds are considered to be, in substance, stock options.

The Company leases certain premises from an entity controlled by a director of the Company. The rent charged for these premises during the nine months ended September 30, 2017 was $1,307 (nine months ended September 30, 2016 – $1,110), as measured at the exchange amount.

As disclosed in note 5, the Company issued common shares under a private placement during 2016. Of the 21,055,000 shares issued, 3,508,700 were purchased by directors or entities controlled by directors of the Company for gross proceeds of $10,000.

11. PRESENTATION OF EXPENSES

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

- operations; and
- selling, general and administrative.

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

Additional information on the nature of expenses is as follows:

	Three Months Ended Sept. 30,		**Nine Months Ended Sept. 30,**	
	2017	2016	**2017**	2016
(C$000s)	***($)***	*($)*	***($)***	*($)*
Product costs	**131,692**	52,092	**313,872**	161,112
Depreciation	**30,604**	32,952	**94,307**	99,550
Amortization of debt issuance costs and debt discount	**2,012**	1,369	**5,155**	4,375
Employee benefits expense (note 12)	**93,121**	56,284	**231,370**	180,802

12. EMPLOYEE BENEFITS EXPENSE

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

	Three Months Ended Sept. 30,		**Nine Months Ended Sept. 30,**	
	2017	2016	**2017**	2016
(C$000s)	***($)***	*($)*	***($)***	*($)*
Salaries and short-term employee benefits	**90,892**	55,065	**232,792**	172,362
Post-employment benefits (group retirement savings plan)	**335**	—	**377**	—
Share-based payments	**1,681**	705	**(2,367)**	4,023
Termination benefits	**213**	514	**568**	4,417
	93,121	56,284	**231,370**	180,802

13. CONTINGENCIES

GREEK LITIGATION

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

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

In 1999, the largest group of plaintiffs received a ruling from the Athens Court of First Instance that their termination was invalid and that salaries in arrears amounting to approximately $10,092 (6,846 euros) plus interest were due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. The said group of former employees filed an appeal with the Supreme Court of Greece, which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered in June 2010. As a result of Denison's participation in the consortium that was named in the lawsuit, the Company has been served with three separate payment orders, one on March 24, 2015 and two others on December 29, 2015. The Company was also served with an enforcement order on November 23, 2015. Oppositions have been filed on behalf of the Company in respect of each of these orders which oppose the orders on the basis that they were improperly issued and are barred from a statute of limitations perspective. The salaries in arrears sought to be recovered through these orders are part of the $10,092 (6,846 euros) cited above and the interest being sought in respect of these orders is part of the $25,793 (17,496 euros) cited below. Provisional orders granting a temporary suspension of any enforcement proceedings have been granted in respect of all of the orders that have been served. The order served on March 24, 2015 was heard on November 24, 2015 and a decision was issued on November 25, 2016 accepting the Company's opposition on the basis that no lawful service of Judgment No 4528/2008 had taken place until the filing of the opponents' petition and/or the issuance of the payment order. The plaintiffs have filed an appeal against the above decision which has been scheduled to be heard on October 16, 2018. A hearing in respect of the order served on November 23, 2015 was adjourned until October 31, 2018. A hearing in respect of the orders served in December of 2015 scheduled for September 20, 2016 was adjourned until November 21, 2016 and two decisions were issued on January 9, 2017 accepting the Company's oppositions on a statute of limitations basis. The plaintiffs have filed appeals against the above decisions, which are scheduled to be heard on October 16, 2018.

NAPC is also the subject of a claim for approximately $4,219 (2,862 euros) plus associated penalties and interest from the Greek social security agency for social security obligations associated with the salaries in arrears that are the subject of the above-mentioned decision.

The maximum aggregate interest and penalties payable under the claims noted above, as well as three other immaterial claims against NAPC totaling $852 (578 euros), amounted to $25,793 (17,496 euros) as at September 30, 2017.

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

14. SEGMENTED INFORMATION

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

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

	Canada	United States	Russia	Latin America	Corporate	Consolidated
(C$000s)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*
Three Months Ended September 30, 2017						
Revenue[2]	**180,953**	**193,817**	**29,758**	**43,562**	**—**	**448,090**
Operating income (loss)[1]	**44,418**	**37,084**	**4,705**	**(8)**	**(8,003)**	**78,196**
Segmented assets[4]	**676,957**	**740,662**	**109,019**	**150,033**	**—**	**1,676,671**
Capital expenditures	**186**	**20,655**	**972**	**280**	**—**	**22,093**
Three Months Ended September 30, 2016						
Revenue[2]	59,577	52,640	26,303	36,405	—	174,925
Operating income (loss)[1]	(2,028)	(5,998)	4,251	(2,114)	(6,503)	(12,392)
Segmented assets[4]	641,355	710,108	102,014	165,486	—	1,618,963
Capital expenditures	4,440	435	352	1,680	—	6,907

	Canada	United States	Russia	Latin America	Corporate	Consolidated
(C$000s)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*
Nine Months Ended September 30, 2017						
Revenue[3]	**403,284**	**445,807**	**88,977**	**104,181**	**—**	**1,042,249**
Operating income (loss)[1]	**70,051**	**72,261**	**9,418**	**(26)**	**(16,373)**	**135,331**
Segmented assets[4]	**676,957**	**740,662**	**109,019**	**150,033**	**—**	**1,676,671**
Capital expenditures	**15,079**	**38,678**	**1,912**	**1,747**	**—**	**57,416**
Nine Months Ended September 30, 2016						
Revenue[3]	177,686	176,677	71,459	115,846	—	541,668
Operating income (loss)[1]	(6,458)	(19,059)	8,069	346	(22,811)	(39,913)
Segmented assets[4]	641,355	710,108	102,014	165,486	—	1,618,963
Capital expenditures	(138)	14,747	1,594	6,796	—	22,999

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

[2] Argentina's revenue for the three months ended September 30, 2017 and 2016 was $43,539 or 10% of consolidated revenue and $35,163 or 20% of consolidated revenue, respectively.

[3] Argentina's revenue for the nine months ended September 30, 2017 and 2016 was $102,113 or 10% of consolidated revenue and $108,737 or 20% of consolidated revenue, respectively.

[4] Argentina's assets as at September 30, 2017 and 2016 were $143,745 or 9% of consolidated assets and $155,052 or 10% of consolidated assets, respectively.

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2017	2016	**2017**	2016
(C$000s)	***($)***	*($)*	***($)***	*($)*
Net income (loss)	**6,678**	(42,169)	**(35,285)**	(140,201)
Add back (deduct):				
Depreciation	**30,604**	32,952	**94,307**	99,550
Foreign exchange losses (gains)	**13,556**	(127)	**26,174**	19,575
Loss on disposal of property, plant and equipment	**5,405**	583	**8,073**	520
Interest	**21,134**	20,802	**64,488**	58,026
Income taxes	**819**	(24,433)	**(22,426)**	(77,383)
Operating income (loss)	**78,196**	(12,392)	**135,331**	(39,913)

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

The following table sets forth consolidated revenue by service line:

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2017	2016	**2017**	2016
(C$000s)	***($)***	*($)*	***($)***	*($)*
Fracturing	**402,146**	139,326	**929,971**	444,389
Coiled tubing	**25,492**	21,597	**66,129**	55,845
Cementing	**5,727**	8,215	**19,201**	26,602
Product sales	**5,500**	—	**10,919**	—
Other	**9,225**	5,787	**16,029**	14,832
	448,090	174,925	**1,042,249**	541,668

15. SEASONALITY OF OPERATIONS

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

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

Kevin R. Baker, Q.C. [(1)(2)(3)]
President & Managing Director
Baycor Capital Inc.

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

Gregory S. Fletcher [(1)(2)(3)]
President
Sierra Energy Inc.

Lorne A. Gartner [(1)(2)(4)]
Independent Businessman

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

OFFICERS

Fernando Aguilar
President & Chief Executive Officer

Lindsay R. Link
Chief Operating Officer

Michael D. Olinek
Chief Financial Officer

Gerardo D. Kuracz
President, Latin American Division

Tom J. Medvedic
President, Canadian Division

Robert L. Sutherland
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Fred L. Toney
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Mark R. Ellingson
Vice President, Sales & Marketing, United States Division

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Vice President, Global Supply Chain

Roderick P. Kuntz
Vice President, HS&E

Chad J. Leier
Vice President, Sales & Marketing, Canadian Division

Edward L. Oke
Vice President, Human Resources

B. Mark Paslawski
Vice President, Corporate Development & Corporate Secretary

Gary J. Rokosh
Vice President, Business Development, Canadian Division

Scott A. Treadwell
Vice President, Capital Markets & Strategy

Matthew L. Mignault
Corporate Controller

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LEGAL COUNSEL

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STOCK EXCHANGE LISTING

Trading Symbol: CFW

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For information concerning lost share certificates and estate transfers, or for a change in share registration or address, please contact the transfer agent and registrar:

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