Q2 SECOND QUARTER INTERIM REPORT

For the Three and Six Months Ended June 30, 2011

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	2010	Change	**2011**	2010	Change
(C$000s, except per share and unit data) (unaudited)	**($)**	($)	(%)	**($)**	($)	(%)
Financial						
Revenue	**269,456**	164,849	63	**606,864**	391,972	55
Operating income[1]	**47,937**	14,878	222	**135,937**	53,709	153
EBITDA[1]	**50,597**	11,637	335	**147,494**	52,611	180
Per share – basic	**1.16**	0.27	330	**3.38**	1.22	177
Per share – diluted	**1.14**	0.27	322	**3.32**	1.21	174
Net income (loss) attributable to the shareholders of Calfrac	**12,071**	(10,280)	217	**61,149**	1,421	4,203
Per share – basic	**0.28**	(0.24)	217	**1.40**	0.03	4,567
Per share – diluted	**0.27**	(0.24)	213	**1.38**	0.03	4,500
Working capital (end of period)	**324,832**	138,500	135	**324,832**	138,500	135
Shareholders' equity (end of period)	**568,607**	453,290	25	**568,607**	453,290	25
Weighted average common shares outstanding (#)						
Basic	**43,650**	43,047	1	**43,590**	43,017	1
Diluted	**44,289**	43,137	3	**44,441**	43,381	2
Operating (end of period)						
Pumping horsepower (000s)				**584**	472	24
Coiled tubing units (#)				**29**	28	4
Cementing units (#)				**22**	21	5

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

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

CEO'S MESSAGE

I am pleased to present Calfrac's operating and financial highlights for the three and six months ended June 30, 2011 and to discuss our prospects for the remainder of 2011 and beyond. During the second quarter, our Company:

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

> remained active in the early-stage development of many emerging unconventional resource plays in North America;

> commenced its 2011 Horn River Basin fracturing and coiled tubing operations;

> experienced increased activity levels and improved financial results in the Company's Russian division; and

> began deploying cementing equipment into Colombia, where operations are expected to start-up later this year.

FINANCIAL HIGHLIGHTS

For the three months ended June 30, 2011, the Company recorded:

> record second-quarter revenue of $269.5 million versus $164.8 million in the comparable quarter of 2010, led by higher year-over-year activity in the United States, Canada and Russia;

> operating income of $47.9 million versus $14.9 million in the comparable period in 2010, resulting primarily from strong activity and improved pricing in United States, combined with a continued focus on cost control; and

> net income of $12.1 million or $0.27 per share diluted, compared to a net loss of $10.3 million or $0.24 per share diluted in the second quarter of 2010.

For the six months ended June 30, 2011, the Company generated:

> record year-to-date revenue of $606.9 million versus $392.0 million in the comparable period of 2010, led by higher year-over-year activity in Canada, the United States and Russia;

> operating income of $135.9 million versus $53.7 million in the comparable period in 2010, driven by strong activity and improved pricing in Canada and the United States; and

> net income of $61.1 million or $1.38 per share diluted, compared to net income of $1.4 million or $0.03 per share diluted in the first six months of 2010.

OPERATIONAL HIGHLIGHTS

Canada

During the second quarter of 2011, Calfrac continued to experience strong demand for its services and generated record second quarter revenue despite seasonal spring break-up and unfavourable weather conditions which limited the amount of work completed. The producing sector continued to focus on developing unconventional oil and liquids-rich natural gas formations. Much of the Company's activity during the second quarter was focused on several established and emerging oil-producing plays, such as the Cardium, Viking and Alberta Bakken formations. The Company anticipates that this trend will continue to diversify its Canadian operations, creating a foundation of stability to the Company's revenue.

The Company also completed several projects in the Montney Formation during the second quarter, which continues to evolve into one of the most economic natural gas plays in North America. Many of these projects utilize multi-well pads incorporating 24-hour operations. The liquids-rich Deep Basin area has also become a significant area of growth for Calfrac's Canadian operations due to the success of producers in generating high natural gas and associated natural gas liquids production rates from horizontal wells completed with multiple fractures. This area of the Company's operations continues to expand as new horizons are being targeted and the liquids-rich zones become more prolific.

During the second quarter, Calfrac deployed a Canadian fracturing crew to North Dakota to take advantage of a market opportunity to maximize Canadian equipment utilization in the midst of spring break-up conditions. Several projects were completed successfully during this period, which provided additional flexibility in deploying capital during a period of traditionally low equipment utilization in Canada. The Company will continue to evaluate the merits of these opportunities in the future in order to mitigate the seasonal impact of spring break-up in Canada.

Late in the second quarter, the Company deployed a large fracturing crew into the Horn River Basin to commence its 2011 activity and these projects are expected to be completed by the end of the third quarter. Calfrac's 2011 activity in the Horn River Basin will be higher than in 2010 and the Company expects that this play will provide a growth platform over the next several years.

United States

The Company's operations in the United States recorded exceptional financial and operational performance during the second quarter despite delays related to poor weather in North Dakota. The second quarter saw Calfrac realize the economic benefits of deploying an additional fracturing spread into each of the Marcellus and Bakken plays during the first quarter of 2011. Pricing improved in all operating regions and led to record quarterly financial results for the Company's United States operations.

Calfrac continued to experience strong demand for its services in the Marcellus shale play as it is one of the most economic natural gas producing basins in North America. In Arkansas, fracturing and cementing activity remained strong and resulted in high levels of equipment utilization. More of the Company's customers in the Marcellus and Fayetteville shale plays are adopting 24-hour operations and Calfrac expects that this trend will continue. Activity in the Rocky Mountain region of Colorado remained consistent during the second quarter with activity trending higher in the Niobrara oil shale play offsetting a reduction in natural gas fracturing. The Company has been an early participant in the Niobrara oil play as result of its strong customer base, its technologies and its long-standing presence in this region.

In addition to its expanding presence in the Marcellus shale play, Calfrac is executing an equally aggressive expansion in the Bakken oil shale play of North Dakota. The Company commenced operations in this region during the second half of 2010 by transferring a crew from the Rocky Mountain region and deployed a second fleet to North Dakota during the first quarter of 2011 in response to high customer demand. The positive impact of the Company's considerable growth in this region during the second quarter was partially offset by severe wet weather in North Dakota that hampered fracturing operations.

Russia

Calfrac recorded a significant increase in activity during the second quarter as improved weather conditions allowed the Company's customers to better execute their well completion programs. This increase in activity, combined with a continued focus on managing the Company's cost structure, resulted in improved financial results from the first quarter of this year. Based on Calfrac's success in the 2011 tender process, it expects activity in this market to result in high equipment utilization throughout the remainder of the year. The Russian oilfield market continues to be largely focused on oil development, which should drive improved operational and financial results for this segment.

Latin America

The second quarter of 2011 saw further recovery for Calfrac's Mexican operations as completions activity improved over the lows in the second half of 2010. The Company continued focusing on managing its cost structure and redeploying certain equipment to other regions. Calfrac is evaluating its long-term prospects for this region but is optimistic that rebounding activity will result in improved profitability for its Mexican operations over the remainder of the year.

Cementing and coiled tubing activity in Argentina was lower than expected during the second quarter due to program delays with some of the Company's key customers. Calfrac expects activity to increase during the second half of 2011 as normal drilling operations are anticipated to resume. Producers in this market continue to focus significant resources towards the development of tight natural gas and shale gas reserves. The Company believes that this trend will deliver greater demand for our existing service lines and provide the opportunity to commence fracturing operations in this market later this year.

OUTLOOK AND BUSINESS PROSPECTS

Calfrac expects growing exploration and development momentum in the unconventional natural gas and oil plays of Canada and the United States through the remainder of 2011 and into 2012. A large part of this activity will focus on the use of horizontal wells incorporating multi-stage fracturing. The most recent driver of demand for Calfrac's services has been the shift towards oil and liquids-rich gas completions activity, which became prominent in 2010 due to strong oil and natural gas liquids prices combined with the high success rates delivered by applying multi-stage fracturing to these formations. These sustained trends are expected to result in high levels of equipment utilization in the pressure pumping industry for the foreseeable future. Calfrac also expects the industry trend towards multi-well pads and 24-hour operations to become more prominent, as customers work to improve the efficiencies of these plays. Crude oil and natural gas liquids prices are expected to remain strong, which should facilitate expanded capital budgets by many of the Company's customers.

The largest growth factor in the Company's Canadian operations has been completion activity in the unconventional light oil plays of western Canada, such as the Cardium, Viking and Bakken. As these plays are highly economic at current commodity prices, fracturing and coiled tubing activity is expected to increase and improve the commodity-based diversification of Calfrac's Canadian operations. In addition, the Company was active in other emerging oil and liquids-rich natural gas formations that it expects will provide further growth opportunities in 2011 and beyond. Some of these plays are in their early stages and the Company has worked closely with its customers to improve their economics as the completions approaches to these plays are tested and refined.

Completions activity in the Montney and Deep Basin plays of northwest Alberta and northeast British Columbia is expected to remain high as these regions are amongst the most economic natural gas plays in North America. The Montney has evolved into one of the pre-eminent gas plays with breakeven economics achieved at lower natural gas prices. Consequently, Calfrac expects the pace of development in the Montney play to remain active despite low natural gas prices. Over the long term, the Company expects this play to attract more capital and to remain a significant growth platform for Calfrac's operations in Canada. In addition, the Company expects that activity in the Deep Basin will remain strong due to the high liquids content in certain zones and the recent development successes using multi-stage fracturing techniques in horizontal wellbores.

The late and wet spring in western Canada during the second quarter of 2011 deferred a significant amount of fracturing and coiled tubing work into the third and fourth quarters. As a result, the Company expects high equipment utilization in western Canada and strong financial performance throughout the remainder of the year and into 2012.

In the United States, Calfrac recently deployed a newly constructed large fracturing spread to the Marcellus shale gas play and currently operates three fracturing spreads totalling 140,000 horsepower in this region. Two of these fracturing fleets are supported by long-term minimum commitment contracts with large oil and natural gas producers. The construction of a new district facility in Pennsylvania is underway and the facility is expected to be operational in late 2011. The Company believes that with this equipment fleet and infrastructure it is well-positioned to capitalize on the expected growth in one of the most profitable natural gas plays in North America. The Company also continues to experience high equipment utilization for its fracturing and cementing fleets in the Fayetteville shale play of Arkansas and anticipates that this will continue for the remainder of 2011.

The Company has experienced tremendous demand for its services in the Bakken oil shale play of North Dakota. Despite challenging weather in this region during the last several months, Calfrac has continued to expand its operations and customer base. Weather-related challenges similar to those experienced in Canada during the second quarter of 2011 resulted in a significant backlog of work in this region. As a result, fracturing activity is anticipated to remain very high in North Dakota and the Company expects to deploy a third fracturing crew into this market during the latter half of the year. Calfrac is encouraged by this play's potential and the commodity diversification that it brings to the Company's United States operations. The service intensity in this play continues to grow as the lateral legs of horizontal wells get longer and the number of fracturing stages per well increases. Given the strength of crude oil prices and the current tight fracturing capacity servicing this region, Calfrac expects it to be a key contributor to the Company's United States financial performance in 2011 and beyond.

Calfrac is also expanding its presence in the emerging Niobrara oil shale play of northern Colorado, which is being revitalized through the application of horizontal well and multi-stage fracturing technologies. While this play remains at an early stage, it has the potential to become another growth platform for the Company's United States operations.

Calfrac operates in Russia under a mix of annual and multi-year agreements and expects high utilization of its fracturing and coiled tubing fleets throughout the remainder of 2011. The Company operates five fracturing spreads and six coiled tubing units in this oil-focused market and plans to deploy a seventh coiled tubing unit later this year. Calfrac expects that the use of horizontal drilling and multi-staged completions technology will be introduced into Russia over the next few years, which would be a significant growth opportunity. In the near term, Calfrac remains committed to enhancing its financial performance in this market by continuing to focus on managing its cost structure and improving operating margins.

Activity in Mexico during the first half of 2011 recovered modestly from the low level experienced in the latter half of 2010, thanks to the easing of Pemex budget constraints. Calfrac is cautiously optimistic that activity will continue to improve, as completions-related activity is anticipated to be a focal point for onshore development in Mexico. The Company recognizes the long-term potential of this region and will remain focused on providing new technology and improved efficiencies to this market. However, Calfrac will continue to assess the long-term opportunities in this region and will plan its strategy accordingly.

The Company is encouraged by the development of a number of emerging tight oil and shale gas opportunities in Argentina that, although in the very early stages, are expected to stimulate further oilfield activity. Some of the technological advancements used in North America will have an application in this market and, consequently, Calfrac anticipates commencing fracturing operations in Argentina by the end of 2011.

Consistent with the Company's geographical diversification strategy based on the deployment of its technology to selected international markets, Calfrac is also planning to commence operations in Colombia during the latter half of 2011. The oil-focused Colombian market has attracted a great deal of capital over the last few years and, thanks to the country's stable political and economic environment, it looks poised to experience strong growth in the near future. This expansion will provide further commodity and geographical diversification for the Company and another platform for growth in Latin America.

Calfrac is pleased to announce that it has entered into several new contracts related to the provision of pressure pumping services in Canada and the United States. In Canada, the Company has entered into a long-term minimum commitment contract with one of the leading producers in the Deep Basin and Montney. Calfrac has also signed a multi-year minimum commitment agreement in the United States for the provision of two fracturing fleets with one of the largest oil producers in the Bakken play of North Dakota, and has recently signed a long term right of first refusal contract with a large oil and gas producer in the Marcellus shale gas play which contemplates the provision of a fracturing spread in addition to the fracturing spread that is contracted to this client under a long-term minimum commitment contract. These contracts are consistent with Calfrac's philosophy of having a portion of its equipment fleet dedicated to servicing long-term contracts to further establish the Company's presence with some of the premier operators in these growing markets.

Calfrac is pleased to announce an increase its 2011 capital program by $59.0 million to $382.0 million, of which $38.0 million is expected to be spent in 2012. Most of this increase relates to the construction of a fracturing fleet and related support equipment to service the aforementioned minimum commitment contract in the Bakken oil shale play in North Dakota and a portion also relates to deposits for 2012 pumping equipment. The previously announced 2011 capital program is moving forward in accordance with the Company's plan and the majority of this equipment is expected to be delivered in the latter part of 2011.

On behalf of the Board of Directors,

Douglas R. Ramsay
Chief Executive Officer

August 3, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) for Calfrac Well Services Ltd. ("Calfrac" or the "Company") has been prepared by management as of August 3, 2011 and is a review of the financial condition and results of operations of the Company based on IFRS. Prior to 2011, the Company prepared its interim and annual financial statements in accordance with previous Canadian GAAP. All comparative financial information in this MD&A has been restated, where required, based on IFRS.

The focus of this MD&A is primarily a comparison of the financial performance for the three and six months ended June 30, 2011 with the comparable periods of 2010. Due to the transition to IFRS, this MD&A should be read in conjunction with the interim consolidated financial statements for the three months ended March 31, 2011, the interim consolidated financial statements for the three and six months ended June 30, 2011 as well as the audited consolidated financial statements and MD&A for the year end December 31, 2010.

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

CALFRAC'S BUSINESS

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

The Company's reportable business segments during the first half of 2011 were as follows:

> The Canadian segment is focused on the provision of fracturing and coiled tubing services to diverse oil and natural gas exploration and production companies operating in Alberta, northeast British Columbia, Saskatchewan and southwest Manitoba. The Company's customer base in Canada ranges from large multi-national public companies to small private companies. Calfrac had combined hydraulic horsepower of approximately 224,000, 22 coiled tubing units and five cementing units in Canada at June 30, 2011.

> The United States segment provides pressure pumping services from operating bases in Colorado, Arkansas, Pennsylvania and North Dakota. The Company provides fracturing services to a number of oil and natural gas companies operating in the Piceance Basin of western Colorado, the Uintah Basin of northeast Utah and the Denver-Julesburg Basin centred in eastern Colorado and extending into southeast Wyoming, including the Niobrara oil play of northern Colorado. In addition, Calfrac provides fracturing and cementing services to customers operating in the Marcellus shale play in Pennsylvania and West Virginia as well as oil and natural gas companies operating in the Fayetteville shale play of Arkansas. In the fourth quarter of 2010, Calfrac commenced fracturing operations for several oil and natural gas companies in the Bakken oil shale play in North Dakota. At June 30, 2011, the Company deployed approximately 293,000 hydraulic horsepower and operated nine cementing units in its United States segment.

> The Company's Russian segment is focused on providing fracturing and coiled tubing services in Western Siberia. In the first half of 2011, the Company operated under a mix of annual and multi-year agreements signed with two of Russia's largest oil and natural gas producers. At June 30, 2011, the Company operated six coiled tubing units and deployed approximately 45,000 hydraulic horsepower forming five fracturing spreads in Russia.

> The Latin America segment provides pressure pumping services from operating bases in central and northern Mexico and central Argentina. The Company provides fracturing and cementing services to Pemex Exploracion y Produccion in the Burgos field of northern Mexico and the Chicontepec field of central Mexico. In Argentina, the Company provides cementing and acidizing services to local oil and natural gas companies and commenced coiled tubing operations in November 2010. In its Latin America segment, the Company deployed approximately 22,000 hydraulic horsepower forming three fracturing spreads, eight cementing units and one coiled tubing unit at June 30, 2011.

CONSOLIDATED HIGHLIGHTS

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	2010	Change	**2011**	2010	Change
(C$000s, except per share amounts) (unaudited)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**269,456**	164,849	63	**606,864**	391,972	55
Operating income[1]	**47,937**	14,878	222	**135,937**	53,709	153
EBITDA[1]	**50,597**	11,637	335	**147,494**	52,611	180
Per share – basic	**1.16**	0.27	330	**3.38**	1.22	177
Per share – diluted	**1.14**	0.27	322	**3.32**	1.21	174
Net income (loss) attributable to the shareholders of Calfrac	**12,071**	(10,280)	217	**61,149**	1,421	4,203
Per share – basic	**0.28**	(0.24)	217	**1.40**	0.03	4,567
Per share – diluted	**0.27**	(0.24)	213	**1.38**	0.03	4,500
Working capital, end of period				**324,832**	138,500	135
Total assets, end of period				**1,166,468**	853,978	37
Long-term debt, end of period				**427,667**	277,986	54
Total equity, end of period				**568,607**	453,290	25

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

2011 OVERVIEW

In the second quarter of 2011, the Company:

> achieved record second-quarter revenue of $269.5 million, an increase of 63 percent from the comparable quarter in 2010, driven primarily by strong growth in Calfrac's United States, Canadian and Russian operations;

> reported operating income of $47.9 million versus $14.9 million in the same quarter of 2010, an increase of 222 percent, mainly as a result of high levels of fracturing activity in the unconventional plays of western Canada and the United States; and

> reported net income attributable to the shareholders of Calfrac of $12.1 million or $0.27 per share, including a $1.8 million foreign exchange gain, compared to a net loss of $10.3 million or $0.24 per share in the second quarter of 2010, which included a foreign exchange loss of $4.4 million.

In the six months ended June 30, 2011, the Company:

> increased revenue by 55 percent to $606.9 million from $392.0 million in the first six months of 2010 primarily as a result of strong growth in Calfrac's Canadian, United States and Russian operations;

> reported operating income of $135.9 million versus $53.7 million in the same period of 2010, an increase of 153 percent, due to high levels of fracturing and coiled tubing activity in the unconventional natural gas and oil plays of western Canada, combined with strong United States fracturing activity in the Fayetteville and Marcellus shale natural gas plays and the Bakken oil play;

> reported net income attributable to the shareholders of Calfrac of $61.1 million or $1.38 per share, which included a foreign exchange gain of $10.5 million, compared to net income of $1.4 million or $0.03 per share in the same period of 2010, including the impact of a $2.1 million foreign exchange loss;

> incurred capital expenditures of $137.8 million primarily to bolster the Company's fracturing operations;

> deployed a second large fracturing fleet into the Marcellus shale gas play in Pennsylvania and a second fracturing spread into the Bakken oil shale play in North Dakota; and

> increased its period-end working capital by 135 percent over June 30, 2010 to $324.8 million at June 30, 2011.

NON-GAAP MEASURES

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	**2011**	2010
(C$000s) (unaudited)	**($)**	($)	**($)**	($)
Net income (loss)	**11,951**	(10,296)	**61,014**	1,421
Add back (deduct):				
Depreciation	**21,040**	18,627	**42,564**	37,661
Interest	**8,612**	6,179	**17,697**	12,332
Foreign exchange losses (gains)	**(1,813)**	4,407	**(10,476)**	2,084
Gain on disposal of property, plant and equipment	**(847)**	(1,166)	**(1,081)**	(986)
Income tax expense (recovery)	**8,994**	(2,873)	**26,219**	1,197
Operating income	**47,937**	14,878	**135,937**	53,709

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	**2011**	2010
(C$000s) (unaudited)	**($)**	($)	**($)**	($)
Net income (loss)	**11,951**	(10,296)	**61,014**	1,421
Add back (deduct):				
Depreciation	**21,040**	18,627	**42,564**	37,661
Interest	**8,612**	6,179	**17,697**	12,332
Income tax expense (recovery)	**8,994**	(2,873)	**26,219**	1,197
EBITDA	**50,597**	11,637	**147,494**	52,611

FINANCIAL OVERVIEW – THREE MONTHS ENDED JUNE 30, 2011 VERSUS 2010

Canada

Three Months Ended June 30,	**2011**	2010	Change
(C$000s, except operational information) (unaudited)	**($)**	($)	(%)
Revenue	**86,583**	52,183	66
Expenses			
Operating	**79,216**	48,277	64
Selling, General and Administrative (SG&A)	**2,862**	2,406	19
	82,078	50,683	62
Operating income[(1)]	**4,505**	1,500	200
Operating income (%)	**5.2%**	2.9%	79
Fracturing revenue per job ($)	**152,266**	104,189	46
Number of fracturing jobs	**520**	455	14
Pumping horsepower, end of period (000s)	**224**	211	6
Coiled tubing revenue per job ($)	**21,905**	28,603	(23)
Number of coiled tubing jobs	**338**	167	102
Coiled tubing units, end of period (#)	**22**	22	–

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

Revenue

Revenue from Calfrac's Canadian operations during the second quarter of 2011 was $86.6 million versus $52.2 million in the comparable three-month period of 2010. The 66 percent increase in revenue was primarily due to the completion of more and larger fracturing jobs in the Montney, Cardium and Viking formations of western Canada combined with higher pricing and a higher percentage of callout activity. The temporary reassignment of a Canadian fracturing crew into the Bakken play of North Dakota as well as higher coiled tubing activity levels in western Canada also contributed to the increase in revenue during the second quarter. The increase in revenue was offset partially by the completion of smaller coiled tubing job sizes.

Operating Income

Operating income in Canada increased by 200 percent to $4.5 million during the second quarter of 2011 from $1.5 million in the same period of 2010. The increase in Canadian operating income was mainly due to higher overall fracturing and coiled tubing activity levels and the completion of larger fracturing jobs in the unconventional oil and natural gas resource plays of western Canada.

United States

Three Months Ended June 30,	**2011**	2010	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**141,631**	77,687	82
Expenses			
Operating	**89,657**	56,273	59
SG&A	**3,043**	2,544	20
	92,700	58,817	58
Operating income[1]	**48,931**	18,870	159
Operating income (%)	**34.5%**	24.3%	42
Fracturing revenue per job ($)	**79,139**	67,871	17
Number of fracturing jobs	**1,755**	1,098	60
Pumping horsepower, end of period (000s)	**293**	203	44
Cementing revenue per job ($)	**20,618**	22,442	(8)
Number of cementing jobs	**133**	141	(6)
Cementing units, end of period (#)	**9**	7	29
C$/US$ average exchange rate[2]	**0.9677**	1.0278	(6)

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

Revenue

Revenue from Calfrac's United States operations increased during the second quarter of 2011 to $141.6 million from $77.7 million in the comparable quarter of 2010. The increase in United States revenue was due primarily to the commencement of fracturing operations in the Bakken play of North Dakota which began during the fourth quarter of 2010 combined with higher fracturing activity in the Marcellus shale formation in Pennsylvania and West Virginia and the Fayetteville shale play in Arkansas as well as the impact of improved pricing. The Company also operated a larger fracturing fleet in North Dakota and Pennsylvania as a second large fracturing spread was deployed into each market during the first and second quarters of 2011, respectively. This increase was partially offset by lower fracturing activity levels in the Rocky Mountain region of Colorado and a 6 percent decline in the value of the United States dollar against the Canadian dollar.

Operating Income

Operating income in the United States was $48.9 million for the second quarter of 2011, an increase of $30.1 million from the comparative period in 2010. The significant increase in operating income was primarily due to higher equipment utilization in the Bakken oil shale play in North Dakota and the Marcellus natural gas shale play of Pennsylvania and West Virginia. In addition, improved pricing combined with the completion of larger fracturing jobs lifted operating income in the United States during the second quarter of 2011. These factors were offset partially by the impact of the depreciation of the United States dollar.

Russia

Three Months Ended June 30,	**2011**	2010	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**29,806**	18,046	65
Expenses			
Operating	**24,715**	15,361	61
SG&A	**1,444**	1,036	39
	26,159	16,397	60
Operating income[1]	**3,647**	1,649	121
Operating income (%)	**12.2%**	9.1%	34
Fracturing revenue per job ($)	**113,924**	89,931	27
Number of fracturing jobs	**187**	122	53
Pumping horsepower, end of period (000s)	**45**	36	25
Coiled tubing revenue per job ($)	**53,813**	45,349	19
Number of coiled tubing jobs	**158**	156	1
Coiled tubing units, end of period (#)	**6**	6	–
C$/rouble average exchange rate[2]	**0.0346**	0.0339	2

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

Revenue

During the second quarter of 2011, the Company's revenue from Russian operations increased by 65 percent to $29.8 million from $18.0 million in the corresponding three-month period of 2010. The increase in revenue was mainly due to higher fracturing activity levels as a result of a larger equipment fleet deployed to Russia, combined with the completion of larger fracturing and coiled tubing jobs. This increase was also affected by the appreciation of the Russian rouble by 2 percent versus the Canadian dollar.

Operating Income

Operating income in Russia in the second quarter of 2011 was $3.6 million compared to $1.6 million in the corresponding period of 2010. The increase in operating income was primarily due to the higher revenue base and the appreciation of the Russian rouble. This increase was offset partially by higher product expenses related to the provision of proppant and fracturing tubing for a new customer in Western Siberia.

Latin America

Three Months Ended June 30,	**2011**	2010	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**11,436**	16,933	(32)
Expenses			
Operating	**10,790**	17,323	(38)
SG&A	**895**	773	16
	11,685	18,096	(35)
Operating loss[1]	**(249)**	(1,163)	(79)
Operating loss (%)	**-2.2%**	-6.9%	(68)
Pumping horsepower, end of period (000s)	**22**	22	–
Cementing units, end of period (#)	**8**	8	–
Coiled tubing units, end of period (#)	**1**	–	–
C$/Mexican peso average exchange rate[2]	**0.0826**	0.0818	1
C$/Argentine peso average exchange rate[2]	**0.2270**	0.2602	(13)

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

Revenue

Calfrac's Latin America operations generated total revenue of $11.4 million during the second quarter of 2011 versus $16.9 million in the comparable three-month period in 2010. For the three months ended June 30, 2011 and 2010, revenue generated through subcontractors was $1.8 million and $5.5 million, respectively.

The decrease in revenue was primarily due to lower subcontractor and cementing activity in Mexico, lower pricing, the completion of smaller fracturing and cementing job sizes in Latin America combined with the depreciation of the Argentine peso versus the Canadian dollar. This decrease in Latin American revenue was offset slightly by higher cementing activity in Argentina, increased fracturing activity in Mexico and the commencement of coiled tubing operations in the Argentine market during the fourth quarter of 2010.

Operating Loss

During the three months ended June 30, 2011 Calfrac's Latin America division incurred an operating loss of $0.2 million compared to a loss of $1.2 million in the comparative quarter in 2010. This loss was primarily due to the completion of smaller cementing jobs in Latin America, lower cementing activity levels in Mexico and the impact of the 13 percent decline in the Argentine peso against the Canadian dollar.

Corporate

Three Months Ended June 30,	**2011**	2010	Change
(C$000s) (unaudited)	**($)**	($)	(%)
Expenses			
Operating	**1,273**	1,081	18
SG&A	**7,624**	4,897	56
	8,897	5,978	49
Operating loss[1]	**(8,897)**	(5,978)	(49)

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

Operating Loss

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

Depreciation

For the three months ended June 30, 2011, depreciation expense increased by 13 percent to $21.0 million from $18.6 million in the corresponding quarter of 2010. The increase in depreciation expense is mainly a result of a larger fleet of equipment operating in North America and Russia offset partially by the depreciation of the United States dollar.

Foreign Exchange Losses or Gains

The Company recorded a foreign exchange gain of $1.8 million during the second quarter of 2011 versus a $4.4 million loss in the comparative three-month period of 2010. Foreign exchange gains and losses arise primarily from the translation of net monetary assets or liabilities that were held in U.S. dollars in Canada, Russia and Latin America. The majority of the Company's foreign exchange gain recorded in the second quarter of 2011 was attributable to its Russian operations, which have substantial U.S. dollar-denominated liabilities. During the quarter, the U.S. dollar weakened slightly against the Russian rouble resulting in a foreign exchange gain related to this indebtedness.

Interest

The Company's interest expense during the second quarter of 2011 increased from the comparable period of 2010 by $2.4 million to $8.6 million. This increase was primarily due to higher overall debt offset partially by lower interest expense related to the Company's senior unsecured notes resulting from the depreciation of the United States dollar and a decrease in borrowing rates.

Income Tax Expenses

The Company recorded an income tax expense of $9.0 million during the second quarter of 2011 compared to income tax recovery of $2.9 million in the comparable period of 2010. The effective income tax rate for the three-month period ended June 30, 2011 was 43 percent versus 22 percent in the comparable quarter of 2010. The increase in total income tax expense and effective tax rate was primarily due to significantly higher profitability in the United States.

SUMMARY OF QUARTERLY RESULTS

Three Months Ended	Sept. 30, 2009[1]	Dec. 31, 2009[1]	Mar. 31, 2010	June 30, 2010	Sept. 30, 2010	Dec. 31, 2010	Mar. 31, 2011	**June 30, 2011**
(unaudited)	($)	($)	($)	($)	($)	($)	($)	**($)**
Financial								
(C$000s, except per share data)								
Revenue	133,261	173,124	227,123	164,849	275,245	268,710	337,408	**269,456**
Operating income[2]	16,499	23,157	38,831	14,878	69,343	62,185	88,000	**47,937**
EBITDA[2]	15,112	23,398	40,974	11,637	70,764	62,464	96,897	**50,597**
Per share – basic	0.40	0.58	0.95	0.27	1.64	1.44	2.23	**1.16**
Per share – diluted	0.40	0.57	0.94	0.27	1.63	1.42	2.18	**1.14**
Net income (loss) attributable to								
the shareholders of Calfrac	2,842	864	11,701	(10,280)	31,955	16,126	49,078	**12,071**
Per share – basic	0.08	0.02	0.27	(0.24)	0.74	0.37	1.13	**0.28**
Per share – diluted	0.08	0.02	0.27	(0.24)	0.74	0.37	1.11	**0.27**
Capital expenditures	58,212	18,245	14,974	26,813	30,097	47,015	65,777	**72,047**
Working capital (end of period)	103,331	128,243	156,095	138,500	177,561	341,677	356,370	**324,832**
Total equity (end of period)	378,972	459,932	460,771	453,290	485,280	502,032	556,277	**568,607**
Operating (end of period)								
Pumping horsepower (000s)	371	456	465	472	481	481	530	**584**
Coiled tubing units (#)	18	28	28	28	28	29	29	**29**
Cementing units (#)	21	21	21	21	21	21	21	**22**

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

FINANCIAL OVERVIEW – SIX MONTHS ENDED JUNE 30, 2011 VERSUS 2010

Canada

Six Months Ended June 30,	2011	2010	Change
(C$000s, except operational information) (unaudited)	($)	($)	(%)
Revenue	**288,036**	185,814	55
Expenses			
Operating	**208,017**	138,220	50
SG&A	**7,081**	6,669	6
	215,098	144,889	48
Operating income[1]	**72,938**	40,925	78
Operating income (%)	**25.3%**	22.0%	15
Fracturing revenue per job ($)	**157,306**	115,634	36
Number of fracturing jobs	**1,667**	1,476	13
Pumping horsepower, end of period (000s)	**224**	211	6
Coiled tubing revenue per job ($)	**23,655**	31,147	(24)
Number of coiled tubing jobs	**1,091**	486	124
Coiled tubing units, end of period (#)	**22**	22	–

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

Revenue

Revenue from Calfrac's Canadian operations during the first six months of 2011 was $288.0 million versus $185.8 million in the comparable six-month period of 2010. The 55 percent increase in revenue was primarily due to improved pricing, the completion of a higher percentage of callout work and more and larger fracturing jobs in the unconventional natural gas resource plays of northern Alberta and northeast British Columbia, combined with an increase in oil-related fracturing in the resource plays of Saskatchewan and west central Alberta. In addition, higher coiled tubing activity levels in western Canada also contributed to the increase in revenue during the first half.

Operating Income

Operating income in Canada increased by 78 percent to $72.9 million during the first six months of 2011 from $40.9 million in the same period of 2010. The increase in Canadian operating income was mainly due to higher overall fracturing and coiled tubing activity levels, improved pricing, the completion of larger fracturing jobs in the unconventional oil and natural gas resource plays of western Canada and a focus on controlling operating and SG&A expenses.

United States

Six Months Ended June 30,	**2011**	2010	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**240,106**	133,719	80
Expenses			
Operating	**156,221**	106,323	47
SG&A	**6,259**	4,439	41
	162,480	110,762	47
Operating income[1]	**77,626**	22,957	238
Operating income (%)	**32.3%**	17.2%	88
Fracturing revenue per job ($)	**75,871**	61,812	23
Number of fracturing jobs	**3,092**	2,074	49
Pumping horsepower, end of period (000s)	**293**	203	44
Cementing revenue per job ($)	**20,647**	20,370	1
Number of cementing jobs	**267**	271	(1)
Cementing units, end of period (#)	**9**	7	29
C$/US$ average exchange rate[2]	**0.9768**	1.0340	(6)

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

Revenue

Revenue from Calfrac's United States operations increased during the first six months of 2011 to $240.1 million from $133.7 million in the comparable period of 2010. The increase in United States revenue was due primarily to the commencement of fracturing operations in the Bakken play of North Dakota during the fourth quarter of 2010 combined with higher fracturing activity in the Marcellus shale formation in Pennsylvania and West Virginia and the Fayetteville shale play in Arkansas. The revenue increase was also a result of improved pricing and the completion of larger cementing jobs in Arkansas. It was partially offset by lower fracturing activity levels in the Rocky Mountain region of Colorado and a 6 percent decline in the United States dollar against the Canadian dollar.

Operating Income

Operating income in the United States was $77.6 million for the first half year of 2011, an increase of $54.7 million from the comparative period in 2010. The significant increase in operating income was primarily due to a larger equipment fleet and high equipment utilization in the Bakken oil shale play in North Dakota and the Marcellus natural gas shale play of Pennsylvania and West Virginia. In addition, improved pricing combined with the completion of larger fracturing and cementing jobs increased operating income in the United States during the first six months of 2011. These factors were offset partially by the impact of the depreciation of the United States dollar.

Russia

Six Months Ended June 30,	**2011**	2010	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**56,135**	35,622	58
Expenses			
Operating	**46,977**	31,239	50
SG&A	**3,579**	2,077	72
	50,556	33,316	52
Operating income[1]	**5,579**	2,306	142
Operating income (%)	**9.9%**	6.5%	52
Fracturing revenue per job ($)	**108,020**	85,735	26
Number of fracturing jobs	**366**	266	38
Pumping horsepower, end of period (000s)	**45**	36	25
Coiled tubing revenue per job ($)	**53,033**	44,503	19
Number of coiled tubing jobs	**313**	288	9
Coiled tubing units, end of period (#)	**6**	6	–
C$/rouble average exchange rate[2]	**0.0342**	0.0344	(1)

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

Revenue

During the first six months of 2011, the Company's revenue from its Russian operations increased by 58 percent to $56.1 million from $35.6 million in the corresponding six-month period of 2010. The increase in revenue was mainly due to higher fracturing and coiled tubing activity levels as a result of a larger equipment fleet deployed to Russia, combined with larger fracturing and coiled tubing job sizes.

Operating Income

Operating income in Russia in the first six months of 2011 was $5.6 million compared to $2.3 million in the corresponding period of 2010. The increase in operating income was primarily due to the higher revenue base. This increase was offset partially by higher product expenses mainly due to the provision of proppant and fracturing tubing to a new customer.

Latin America

Six Months Ended June 30,	2011	2010	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**22,587**	36,817	(39)
Expenses			
Operating	**22,139**	34,958	(37)
SG&A	**1,425**	1,446	(1)
	23,564	36,404	(35)
Operating income (loss)[1]	**(977)**	413	(337)
Operating income (loss) (%)	**-4.3%**	1.1%	(491)
Pumping horsepower, end of period (000s)	**22**	22	–
Cementing units, end of period (#)	**8**	8	–
Coiled tubing units, end of period (#)	**1**	–	–
C$/Mexican peso average exchange rate[2]	**0.0822**	0.0817	1
C$/Argentine peso average exchange rate[2]	**0.2326**	0.2636	(12)

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

Revenue

Calfrac's Latin America operations generated total revenue of $22.6 million during the first six months of 2011 versus $36.8 million in the comparable six-month period in 2010. For the six months ended June 30, 2011 and 2010, revenue generated through subcontractors was $4.5 million and $10.8 million, respectively.

In Mexico, overall oilfield activity in 2011 decreased significantly year-over-year and resulted in lower pricing in this market. In addition, revenue in Mexico declined due to the completion of smaller fracturing and cementing job sizes combined with lower cementing activity. Lower pricing and the completion of smaller cementing job sizes as well as the depreciation of the Argentine peso versus the Canadian dollar decreased Argentina's revenue. This decrease in Latin American revenue was offset slightly by significantly higher Argentine cementing activity and the commencement of coiled tubing operations in this market during the fourth quarter of 2010.

Operating Income (Loss)

During the six months ended June 30, 2011 Calfrac's Latin America division incurred an operating loss of $1.0 million compared to operating income of $0.4 million in the comparative period in 2010. This loss was primarily due to smaller fracturing job sizes in Mexico, smaller cementing job sizes in Latin America combined with the impact of the 12 percent decline in the Argentine peso. This decrease was offset partially by higher cementing and coiled tubing activity in Argentina.

Corporate

Six Months Ended June 30,	**2011**	2010	Change
(C$000s) (unaudited)	**($)**	($)	(%)
Expenses			
Operating	**2,867**	2,301	25
SG&A	**16,362**	10,591	54
	19,229	12,892	49
Operating loss[1]	**(19,229)**	(12,892)	(49)

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

Operating Loss

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

Depreciation

For the six months ended June 30, 2011, depreciation expense increased by 13 percent to $42.6 million from $37.7 million in the corresponding period of 2010. The increase in depreciation expense is mainly a result of a larger fleet of equipment operating in North America and Russia offset partially by the depreciation of the United States dollar.

Foreign Exchange Losses or Gains

The Company recorded a foreign exchange gain of $10.5 million during the first half of 2011 versus a $2.1 million loss in the comparative six-month period of 2010. Foreign exchange gains and losses arise primarily from the translation of net monetary assets or liabilities that were held in U.S. dollars in Canada, Russia and Latin America. The majority of the Company's foreign exchange gain recorded in the first six months of 2011 was attributable to its Russian operations, which have substantial U.S. dollar-denominated liabilities. For the six months ended June 30, 2011, the U.S. dollar weakened against the Russian rouble by approximately 8 percent resulting in significant foreign exchange gains related to this indebtedness.

Interest

The Company's interest expense during the first six months of 2011 increased from the comparable period of 2010 by $5.4 million to $17.7 million. This increase was primarily due to higher overall debt offset partially by lower reported interest expense related to the Company's senior unsecured notes resulting from the depreciation of the United States dollar and a slight decrease in borrowing rates.

Income Tax Expenses

The Company recorded an income tax expense of $26.2 million during the first six months of 2011 compared to income tax expense of $1.2 million in the comparable period of 2010. The effective income tax rate for the six months ended June 30, 2011 and 2010 was 30 percent and 46 percent, respectively. The increase in total income tax expense was primarily due to higher profitability in the United States, Canada and Russia but offset partially by lower profitability in Latin America. The effective tax rate for the six months ended June 30, 2011 was lower than the comparable period in 2010 primarily due to the mix of earnings among various tax jurisdictions in which Calfrac operates.

LIQUIDITY AND CAPITAL RESOURCES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	**2011**	2010
(C$000s) (unaudited)	**($)**	($)	**($)**	($)
Cash flows provided by (used in):				
Operating activities	**91,456**	23,499	**121,315**	22,253
Financing activities	**(1,665)**	(2,438)	**(3,568)**	13,859
Investing activities	**(69,765)**	(21,934)	**(134,946)**	(38,910)
Effect of exchange rate changes on cash and cash equivalents	**(1,825)**	6,680	**(13,649)**	3,211
Increase (decrease) in cash and cash equivalents	**18,201**	5,807	**(30,848)**	413

Operating Activities

The Company's cash flow provided by operating activities for the six months ended June 30, 2011 was $121.3 million versus $22.3 million in the comparable period of 2010. This change was primarily due to improved operating margins in Canada and the United States. At June 30, 2011, Calfrac's working capital was approximately $324.8 million, an increase of 135 percent from June 30, 2010. The Company reviewed its accounts receivable in detail at June 30, 2011 and 2010 and determined that a provision for doubtful accounts receivable totalling $1.6 million and $1.4 million, respectively, was adequate. The majority of this provision related to a customer that filed for Chapter 11 restructuring under United States bankruptcy law.

Financing Activities

Cash flow used in financing activities during the first six months of 2011 was $3.6 million compared to cash flow provided by financing activities of $13.9 million in the comparable 2010 period. During the first quarter of 2011, the Company repaid the remaining US$4.3 million of its 2015 senior notes as well as $3.2 million of mortgages related to certain properties acquired in the acquisition of Century Oilfield Services Inc. in November 2009. This was offset partially by the issuance of Calfrac common shares and the sale of common shares in Denison Mines Corporation.

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

On September 28, 2010, the Company restructured and renewed its credit facilities with a syndicate of Canadian chartered banks to increase the operating facility from $10.0 million to $15.0 million and decrease the extendible revolving term syndicated facility from $165.0 million to $160.0 million. The interest rate on the revolving term facility is based upon the parameters of certain bank covenants. For prime-based loans, the rate ranges from prime plus 0.75 percent to prime plus 2.25 percent. For LIBOR-based loans and Bankers' Acceptance-based loans, the margin thereon ranges from 2.00 percent to 3.50 percent above the respective base rates for such loans. As of June 30, 2011, the Company had utilized $1.3 million of its syndicated facility for letters of credit, leaving $173.7 million in available credit.

At June 30, 2011, the Company had cash and cash equivalents of $185.8 million. A portion of these funds was invested in short-term investments, which consisted primarily of bearer deposit notes and an overnight money market fund invested with a member of the banking syndicate.

Investing Activities

For the six months ended June 30, 2011, Calfrac's cash flow used in investing activities was $134.9 million versus $38.9 million for 2010. Capital expenditures were $137.8 million in the first six months of 2011 compared to $41.8 million in the same period of 2010. Capital expenditures were primarily related to supporting the Company's fracturing operations throughout North America.

In March 2010, the Company acquired a non-controlling interest in one of its subsidiaries for approximately $2.1 million. The acquisition was considered a capital transaction and, accordingly, the amount was charged to retained earnings.

The effect of changes in foreign exchange rates on the Company's cash and cash equivalents during the first six months of 2011 was a decrease of $13.6 million versus an increase of $3.2 million during the same period of 2010. These increases relate to cash and cash equivalents held by the Company in a foreign currency.

With its strong working capital position, unutilized credit facilities and anticipated funds provided by operating activities, the Company expects to have adequate resources to fund its financial obligations and planned capital expenditures for the remainder of 2011 and beyond.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares. Employees have been granted options to purchase common shares under the Company's shareholder-approved stock option plan. The number of shares reserved for issuance under the stock option plan is equal to a maximum of 10 percent of the Company's issued and outstanding common shares. As at July 31, 2011, there were 43,842,223 common shares issued and outstanding, and 3,223,150 options to purchase common shares.

CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

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

Greek Legal Proceedings

As described in note 16 to the interim consolidated financial statements, the Company and one of its Greek subsidiaries are involved in a number of legal proceedings in Greece. Management regularly evaluates the likelihood of potential liabilities being incurred and the amounts of such liabilities after careful examination of available information and discussions with its legal advisors. Management is of the view that the assignment and indemnity referred to in note 16, together with the available defences to these proceedings, make it improbable that the Company will incur any financial liability in connection with these claims. It is management's view that an outflow of cash will not result from these proceedings. Consequently, no provision has been 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 six months ended June 30, 2011, which were prepared in accordance with IFRS. Management is required to make assumptions, judgments and estimates in the application of IFRS. Calfrac's significant accounting policies are described in note 2 to the unaudited interim consolidated financial statements for the three months ended March 31, 2011.

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

Allowance for Doubtful Accounts Receivable

The Company performs ongoing credit evaluations of its customers and grants credit based upon a review of historical collection experience, current aging status, financial condition of the customer and anticipated industry conditions. Customer payments are regularly monitored and a provision for doubtful accounts is established based upon specific situations and overall industry conditions. In situations where the creditworthiness of a customer is uncertain, services are provided on receipt of cash in advance or services are declined. Calfrac's management believes that the provision for doubtful accounts receivable, which was $1.6 million, is adequate.

Depreciation

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

Financial Instruments

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

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

Goodwill

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

The Company completed its annual assessment for goodwill impairment and determined there was none as at January 1, 2010 nor for the year ended December 31, 2010. There were no triggers nor indications of impairment that warranted an assessment of goodwill impairment for the six months ended June 30, 2011.

Income Taxes

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

Revenue Recognition

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

Stock-Based Compensation

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

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

CHANGE IN ACCOUNTING ESTIMATE

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

RECENT ACCOUNTING PRONOUNCEMENTS

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

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

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

IFRS 13 *Fair Value Measurement* is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting that occurred during the most recent interim period ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ADOPTION OF IFRS

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

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

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

> comply with internal control requirements; and

> educate and train internal and external stakeholders.

Analysis of Differences between IFRS and Previous Canadian GAAP

The Company completed its analysis of accounting policy alternatives for all areas potentially affecting the Company's consolidated financial statements. This analysis included assessing available exemptions under IFRS *1 First-time Adoption of International Financial Reporting Standards* as well as any required system and process changes. The key areas where changes in accounting standards had a significant impact on the Company's consolidated financial statements are described below. The standard-setting bodies that promulgated previous Canadian GAAP and are promulgating IFRS have significant ongoing projects that could affect the ultimate differences between previous Canadian GAAP and IFRS and their impact on the Company's consolidated financial statements in future years. The future impacts of IFRS will also depend on the particular circumstances prevailing in those years. The differences described below are those based on previous Canadian GAAP and IFRS at June 30, 2011.

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

Foreign Currency Translation

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

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

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

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

Property, Plant and Equipment

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

Goodwill

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

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

Income Taxes

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

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

IFRS 1

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

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

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

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

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

BUSINESS RISKS

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

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

Seasonality of Operations

The Company's Canadian business is seasonal in nature. The lowest activity levels are typically experienced during the second quarter of the year when road weight restrictions are in place due to spring break-up weather and access to well sites in Canada is reduced (refer to "Business Risks – Seasonality" in the Company's Annual Report for the year ended December 31, 2010).

Foreign Exchange Fluctuations

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

Early Redemption of Senior Notes

The Company closed a private offering of US$450.0 million of 7.5 percent senior notes in November 2010, which will mature on December 1, 2020. The Company used a portion of the net proceeds to repay its outstanding indebtedness, including funding the tender offer for its 7.75 percent senior notes due in 2015 and its outstanding credit facilities. As a result of the redemption of US$230.7 million of the senior notes due in 2015, the Company incurred $22.7 million of refinancing costs during the fourth quarter of 2010. In the first quarter of 2011, the remaining US$4.3 million of 2015 senior notes were redeemed and Calfrac incurred $0.2 million of additional refinancing costs.

OUTLOOK

Calfrac expects growing exploration and development momentum in the unconventional natural gas and oil plays of Canada and the United States through the remainder of 2011 and into 2012. A large part of this activity will focus on the use of horizontal wells incorporating multi-stage fracturing. The most recent driver of demand for Calfrac's services has been the shift towards oil and liquids-rich gas completions activity, which became prominent in 2010 due to strong oil and natural gas liquids prices combined with the high success rates delivered by applying multi-zone fracturing to these formations. These sustained trends are expected to result in high levels of equipment utilization in the pressure pumping industry for the foreseeable future. Calfrac also expects the industry trend towards multi-well pads and 24-hour operations to become more prominent, as customers work to improve the efficiencies of these plays. Crude oil and natural gas liquids prices are expected to remain strong, which should facilitate expanded capital budgets by many of the Company's customers.

The largest growth factor in the Company's Canadian operations has been completion activity in the unconventional light oil plays of western Canada, such as the Cardium, Viking and Bakken. As these plays are highly economic at current commodity prices, fracturing and coiled tubing activity is expected to increase and improve the commodity-based diversification of Calfrac's Canadian operations. In addition, the Company was active in other emerging oil and liquids-rich natural gas formations that it expects will provide further growth opportunities in 2011 and beyond. Some of these plays are in their early stages and the Company has worked closely with its customers to improve their economics as the completions approaches to these plays are tested and refined.

Completions activity in the Montney and Deep Basin plays of northwest Alberta and northeast British Columbia is expected to remain high as these regions are amongst the most economic natural gas plays in North America. The Montney has evolved into one of the pre-eminent gas plays with breakeven economics achieved at lower natural gas prices. Consequently, Calfrac expects the pace of development in the Montney play to remain active despite low natural gas prices. Over the long term, the Company expects this play to attract more capital and to remain a significant growth platform for Calfrac's operations in Canada. In addition, the Company expects that activity in the Deep Basin will remain strong due to the high liquids content in certain zones and the recent development successes using multi-stage fracturing techniques in horizontal wellbores.

The late and wet spring in western Canada during the second quarter of 2011 deferred a significant amount of fracturing and coiled tubing work into the third and fourth quarters. As a result, the Company expects high equipment utilization in western Canada and strong financial performance throughout the remainder of the year and into 2012.

In the United States, Calfrac recently deployed a newly constructed large fracturing spread to the Marcellus shale gas play and currently operates three fracturing spreads totalling 140,000 horsepower in this region. Two of these fracturing fleets are supported by long-term minimum commitment contracts with large oil and natural gas producers. The construction of a new district facility in Pennsylvania is underway and the facility is expected to be operational in late 2011. The Company believes that with this equipment fleet and infrastructure it is well-positioned to capitalize on the expected growth in one of the most profitable natural gas plays in North America. The Company also continues to experience high equipment utilization for its fracturing and cementing fleets in the Fayetteville shale play of Arkansas and anticipates that this will continue for the remainder of 2011.

The Company has experienced tremendous demand for its services in the Bakken oil shale play of North Dakota. Despite challenging weather in this region during the last several months, Calfrac has continued to expand its operations and customer base. Weather-related challenges similar to those experienced in Canada during the second quarter of 2011 resulted in a significant backlog of work in this region. As a result, fracturing activity is anticipated to remain very high in North Dakota and the Company expects to deploy a third fracturing crew into this market during the latter half of the year. Calfrac is encouraged by this play's potential and the commodity diversification that it brings to the Company's United States operations. The service intensity in this play continues to grow as the lateral legs of horizontal wells get longer and the number of fracturing stages per well increases. Given the strength of crude oil prices and the current tight fracturing capacity servicing this region, Calfrac expects it to be a key contributor to the Company's United States financial performance in 2011 and beyond.

Calfrac is also expanding its presence in the emerging Niobrara oil shale play of northern Colorado, which is being revitalized through the application of horizontal well and multi-stage fracturing technologies. While this play remains at an early stage, it has the potential to become another growth platform for the Company's United States operations.

Calfrac operates in Russia under a mix of annual and multi-year agreements and expects high utilization of its fracturing and coiled tubing fleets throughout the remainder of 2011. The Company operates five fracturing spreads and six coiled tubing units in this oil-focused market and plans to deploy a seventh coiled tubing unit later this year. Calfrac expects that the use of horizontal drilling and multi-staged completions technology will be introduced into Russia over the next few years, which would be a significant growth opportunity. In the near term, Calfrac remains committed to enhancing its financial performance in this market by continuing to focus on managing its cost structure and improving operating margins.

Activity in Mexico during the first half of 2011 recovered modestly from the low level experienced in the latter half of 2010, thanks to the easing of Pemex budget constraints. Calfrac is cautiously optimistic that activity will continue to improve, as completions-related activity is anticipated to be a focal point for onshore development in Mexico. The Company recognizes the long-term potential of this region and will remain focused on providing new technology and improved efficiencies to this market. However, Calfrac will continue to assess the long-term opportunities in this region and will plan its strategy accordingly.

The Company is encouraged by the development of a number of emerging tight oil and shale gas opportunities in Argentina that, although in the very early stages, are expected to stimulate further oilfield activity. Some of the technological advancements used in North America will have an application in this market and, consequently, Calfrac anticipates commencing fracturing operations in Argentina by the end of 2011.

Consistent with the Company's geographical diversification strategy based on the deployment of its technology to selected international markets, Calfrac is also planning to commence operations in Colombia during the latter half of 2011. The oil-focused Colombian market has attracted a great deal of capital over the last few years and, thanks to the country's stable political and economic environment, it looks poised to experience strong growth in the near future. This expansion will provide further commodity and geographical diversification for the Company and another platform for growth in Latin America.

Calfrac is pleased to announce that it has entered into several new contracts related to the provision of pressure pumping services in Canada and the United States. In Canada, the Company has entered into a long-term minimum commitment contract with one of the leading producers in the Deep Basin and Montney. Calfrac has also signed a multi-year minimum commitment agreement in the United States for the provision of two fracturing fleets with one of the largest oil producers in the Bakken play of North Dakota, and has recently signed a long term right of first refusal contract with a large oil and gas producer in the Marcellus shale gas play which contemplates the provision of a fracturing spread in addition to the fracturing spread that is contracted to this client under a long-term minimum commitment contract. These contracts are consistent with Calfrac's philosophy of having a portion of its equipment fleet dedicated to servicing long-term contracts to further establish the Company's presence with some of the premier operators in these growing markets.

Calfrac is pleased to announce an increase its 2011 capital program by $59.0 million to $382.0 million, of which $38.0 million is expected to be spent in 2012. Most of this increase relates to the construction of a fracturing fleet and related support equipment to service the aforementioned minimum commitment contract in the Bakken oil shale play in North Dakota and a portion also relates to deposits for 2012 pumping equipment. The previously announced 2011 capital program is moving forward in accordance with the Company's plan and the majority of this equipment is expected to be delivered in the latter part of 2011.

ADVISORIES

Forward-Looking Statements

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

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

Additional Information

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

CONSOLIDATED BALANCE SHEETS

As at	June 30, 2011	December 31, 2010
(C$000s)	**($)**	($)
(unaudited)		
ASSETS		
Current assets		
Cash and cash equivalents	**185,756**	216,604
Accounts receivable	**183,078**	177,652
Income taxes recoverable	**1,262**	3,284
Inventories	**71,879**	58,221
Prepaid expenses and deposits	**9,421**	8,379
	451,396	464,140
Non-current assets		
Property, plant and equipment	**677,574**	588,759
Goodwill	**10,523**	10,523
Deferred income tax assets	**26,975**	32,179
Total assets	**1,166,468**	1,095,601
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**123,862**	116,315
Bank loan (note 4)	**96**	–
Current portion of long-term debt (note 5)	**442**	4,854
Current portion of finance lease obligations (note 6)	**2,164**	1,294
	126,564	122,463
Long-term debt (note 5)	**427,667**	443,346
Finance lease obligations (note 6)	**1,008**	2,515
Other long-term liabilities	**979**	1,062
Deferred income tax liabilities	**41,643**	24,183
Total liabilities	**597,861**	593,569
Equity attributable to the shareholders of Calfrac		
Capital stock (note 7)	**270,166**	263,490
Contributed surplus (note 8)	**21,165**	15,468
Loan receivable for purchase of common shares (note 15)	**(2,500)**	(2,500)
Retained earnings (note 3)	**287,730**	229,865
Accumulated other comprehensive income (loss)	**(7,795)**	(4,252)
	568,766	502,071
Non-controlling interest	**(159)**	(39)
Total equity	**568,607**	502,032
Total liabilities and equity	**1,166,468**	1,095,601

Contingencies (note 16)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	**2011**	2010
(C$000s, except per share data)	**($)**	($)	**($)**	($)
(unaudited)				
Revenue	**269,456**	164,849	**606,864**	391,972
Cost of sales (note 14)	**226,691**	156,941	**478,785**	350,702
Gross profit	**42,765**	7,908	**128,079**	41,270
Expenses				
Selling, general and administrative	**15,868**	11,657	**34,706**	25,222
Foreign exchange (gains) losses	**(1,813)**	4,407	**(10,476)**	2,084
Gain on disposal of property, plant and equipment	**(847)**	(1,166)	**(1,081)**	(986)
Interest	**8,612**	6,179	**17,697**	12,332
	21,820	21,077	**40,846**	38,652
Income (loss) before income tax	**20,945**	(13,169)	**87,233**	2,618
Income tax expense (recovery)				
Current	**1,178**	623	**2,201**	1,034
Deferred	**7,816**	(3,496)	**24,018**	163
	8,994	(2,873)	**26,219**	1,197
Net income (loss) for the period	**11,951**	(10,296)	**61,014**	1,421
Net income (loss) attributable to:				
Shareholders of Calfrac	**12,071**	(10,280)	**61,149**	1,421
Non-controlling interest	**(120)**	(16)	**(135)**	–
	11,951	(10,296)	**61,014**	1,421
Earnings (loss) per share (note 7)				
Basic	**0.28**	(0.24)	**1.40**	0.03
Diluted	**0.27**	(0.24)	**1.38**	0.03

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	**2011**	2010
(C$000s) (unaudited)	**($)**	($)	**($)**	($)
Net income (loss) for the period	**11,951**	(10,296)	**61,014**	1,421
Other comprehensive income (loss)				
Change in foreign currency translation adjustment	**(726)**	3,083	**(3,528)**	1,137
Comprehensive income (loss) for the period	**11,225**	(7,213)	**57,486**	2,558
Comprehensive income (loss) attributable to:				
Shareholders of Calfrac	**11,324**	(7,204)	**57,606**	2,565
Non-controlling interest	**(99)**	(9)	**(120)**	(7)
	11,225	(7,213)	**57,486**	2,558

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to the Shareholders of Calfrac							
	Share Capital	Contributed Surplus	Loan Receivable for Purchase of Common Shares	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total	Non-Controlling Interest	**Total Equity**
(C$000s)	($)	($)	($)	($)	($)	($)	($)	**($)**
(unaudited)								
Balance – January 1, 2011	263,490	15,468	(2,500)	(4,252)	229,865	502,071	(39)	**502,032**
Net income (loss) for the period	–	–	–	–	61,149	61,149	(135)	**61,014**
Other comprehensive income (net of tax):								
Cumulative translation adjustment	–	–	–	(3,543)	–	(3,543)	15	**(3,528)**
	263,490	15,468	(2,500)	(7,795)	291,014	559,677	(159)	**559,518**
Stock options:								
Stock-based compensation recognized	–	4,848	–	–	–	4,848	–	**4,848**
Proceeds from issuance of shares	6,781	(1,462)	–	–	–	5,319	–	**5,319**
Shares cancelled (note 8)	(105)	105	–	–	–	–	–	**–**
Denison Plan of Arrangement (note 8)	–	2,206	–	–	–	2,206	–	**2,206**
Dividends	–	–	–	–	(3,284)	(3,284)	–	**(3,284)**
Balance – June 30, 2011	270,166	21,165	(2,500)	(7,795)	287,730	568,766	(159)	**568,607**
Balance – January 1, 2010	251,282	10,844	–	–	187,801	449,927	68	**449,995**
Net income for the period	–	–	–	–	1,421	1,421	–	**1,421**
Other comprehensive income (net of tax):								
Cumulative translation adjustment	–	–	–	1,144	–	1,144	(7)	**1,137**
	251,282	10,844	–	1,144	189,222	452,492	61	**452,553**
Stock options:								
Stock-based compensation recognized	–	2,892	–	–	–	2,892	–	**2,892**
Proceeds from issuance of shares	2,577	(520)	–	–	–	2,057	–	**2,057**
Acquisitions (note 12)	–	–	–	–	(2,059)	(2,059)	–	**(2,059)**
Dividends	–	–	–	–	(2,153)	(2,153)	–	**(2,153)**
Balance – June 30, 2010	253,859	13,216	–	1,144	185,010	453,229	61	**453,290**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	**2011**	2010
(C$000s) (unaudited)	**($)**	($)	**($)**	($)
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Net income (loss) for the period	**11,951**	(10,296)	**61,014**	1,421
Adjusted for the following:				
Depreciation	**21,040**	18,627	**42,564**	37,661
Stock-based compensation	**2,439**	1,478	**4,848**	2,892
Gain on disposal of property, plant and equipment	**(847)**	(1,166)	**(1,081)**	(986)
Interest	**8,612**	6,179	**17,697**	12,332
Deferred income taxes	**7,816**	(3,496)	**24,018**	163
Interest paid	**(17,693)**	(536)	**(18,703)**	(10,770)
Changes in items of working capital (note 13)	**58,138**	12,709	**(9,042)**	(20,460)
Cash flows provided by operating activities	**91,456**	23,499	**121,315**	22,253
FINANCING ACTIVITIES				
Bank loan proceeds	**96**	–	**96**	–
Issuance of long-term debt	**–**	(59)	**389**	14,930
Long-term debt repayments	**(107)**	(188)	**(7,658)**	(376)
Finance lease obligation repayments	**(321)**	(302)	**(637)**	(599)
Denison Plan of Arrangement (note 8)	**–**	–	**2,206**	–
Net proceeds on issuance of common shares	**1,951**	264	**5,320**	2,057
Dividends	**(3,284)**	(2,153)	**(3,284)**	(2,153)
Cash flows provided by (used in) financing activities	**(1,665)**	(2,438)	**(3,568)**	13,859
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(72,047)**	(26,813)	**(137,824)**	(41,787)
Proceeds on disposal of property, plant and equipment	**2,260**	4,736	**2,856**	4,936
Acquisition (note 12)	**–**	143	**–**	(2,059)
Other	**22**	–	**22**	–
Cash flows used in investing activities	**(69,765)**	(21,934)	**(134,946)**	(38,910)
Effect of exchange rate changes on cash and cash equivalents	**(1,825)**	6,680	**(13,649)**	3,211
Increase (decrease) in cash and cash equivalents	**18,201**	5,807	**(30,848)**	413
Cash and cash equivalents, beginning of period	**167,555**	19,676	**216,604**	25,070
Cash and cash equivalents, end of period	**185,756**	25,483	**185,756**	25,483

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2011

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

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

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

The Company prepares its financial statements in accordance with Canadian GAAP as set out in the Canadian Institute of Chartered Accountants' (CICA) Handbook. In 2010, the CICA Handbook was revised to incorporate IFRS and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. The Company's interim financial statements for the three months and six months ended June 30, 2011 were prepared on this basis.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 *Interim Financial Reporting* and IFRS 1 *First-time Adoption of International Financial Reporting Standards* using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The accounting policies followed in these interim financial statements are the same as those applied in the Company's interim financial statements for the period ended March 31, 2011. Subject to certain transition elections disclosed in note 3, the Company has consistently applied the same accounting policies in its opening IFRS balance sheet at January 1, 2010 (which is the date of transition) and throughout all periods presented, as if these policies had always been in effect. Note 3 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's previous Canadian GAAP annual consolidated financial statements for the year ended December 31, 2010.

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of June 30, 2011. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized upon adoption of IFRS.

These interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's previous Canadian GAAP annual consolidated financial statements for the year ended December 31, 2010 and the Company's interim financial statements for the quarter ended March 31, 2011 prepared in accordance with IFRS applicable to interim financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements follow the same accounting policies and methods of application as the March 31, 2011 interim financial statements.

3. TRANSITION TO IFRS

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

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

(i) IFRS I transition elections

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

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

(iv) Adjustments to the statement of cash flows

(v) Explanatory notes on the transition to IFRS

(i) IFRS 1 transition elections

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

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

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

As at June 30, 2010	Note 3(v)	Canadian GAAP	Effect of Transition to IFRS	**IFRS**
(C$000s) (unaudited)		($)	($)	**($)**
ASSETS				
Current assets				
Cash and cash equivalents		25,483	–	**25,483**
Accounts receivable		143,958	–	**143,958**
Income taxes recoverable		1,688	–	**1,688**
Inventories	d	57,335	(1,079)	**56,256**
Prepaid expenses and deposits	d	11,039	(2)	**11,037**
		239,503	(1,081)	**238,422**
Non-current assets				
Property, plant and equipment	d	580,422	(12,516)	**567,906**
Goodwill	b, e	12,582	(2,059)	**10,523**
Deferred income tax assets	f	39,762	(2,635)	**37,127**
Total assets		872,269	(18,291)	**853,978**
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities		88,250	–	**88,250**
Current portion of long-term debt		10,417	–	**10,417**
Current portion of finance lease obligations		1,255	–	**1,255**
		99,922	–	**99,922**
Non-current liabilities				
Long-term debt		277,986	–	**277,986**
Finance lease obligations		3,172	–	**3,172**
Other long-term liabilities		1,128	–	**1,128**
Deferred income tax liabilities	f	23,152	(4,672)	**18,480**
Non-controlling interest	g	163	(163)	**–**
Total liabilities		405,523	(4,835)	**400,688**
Equity attributable to the shareholders of Calfrac				
Share capital		253,859	–	**253,859**
Contributed surplus	c, h	13,075	141	**13,216**
Retained earnings	i	203,109	(18,099)	**185,010**
Accumulated other comprehensive income (loss)	a, d	(3,297)	4,441	**1,144**
		466,746	(13,517)	**453,229**
Non-controlling interest	g	–	61	**61**
Total equity		466,746	(13,456)	**453,290**
Total liabilities and equity		872,269	(18,291)	**853,978**

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

		Three Months Ended June 30, 2010			Six Months Ended June 30, 2010		
	Note 3(v)	Canadian GAAP	Effect of Transition to IFRS	**IFRS**	Canadian GAAP	Effect of Transition to IFRS	**IFRS**
(C$000s, except per share data) (unaudited)		($)	($)	**($)**	($)	($)	**($)**
Revenue		164,849	–	**164,849**	391,972	–	**391,972**
Cost of sales	d	157,520	(579)	**156,941**	351,809	(1,107)	**350,702**
Gross profit		7,329	579	**7,908**	40,163	1,107	**41,270**
Expenses							
Selling, general and administrative	c, h	11,628	29	**11,657**	25,116	106	**25,222**
Foreign exchange losses	d	4,094	313	**4,407**	1,955	129	**2,084**
Gain on disposal of property, plant and equipment		(1,163)	(3)	**(1,166)**	(983)	(3)	**(986)**
Interest		6,179	–	**6,179**	12,332	–	**12,332**
		20,738	339	**21,077**	38,420	(232)	**38,652**
Income (loss) before income taxes		(13,409)	240	**(13,169)**	1,743	875	**2,618**
Income tax expense (recovery)							
Current		623	–	**623**	1,034	–	**1,034**
Deferred	f	(3,542)	46	**(3,496)**	(2,465)	2,628	**163**
		(2,919)	46	**(2,873)**	(1,431)	2,628	**1,197**
Net income (loss) for the period		(10,490)	194	**(10,296)**	3,174	(1,753)	**1,421**
Net income (loss) attributable to:							
Shareholders of Calfrac		(10,457)	177	**(10,280)**	3,179	(1,758)	**1,421**
Non-controlling interest	g	(33)	17	**(16)**	(5)	5	**–**
		(10,490)	194	**(10,296)**	3,174	(1,753)	**1,421**
Earnings (loss) per share							
Basic		(0.24)	–	**(0.24)**	0.07	(0.04)	**0.03**
Diluted		(0.24)	–	**(0.24)**	0.07	(0.04)	**0.03**
Other comprehensive income (loss)							
Change in foreign currency translation adjustment		2,924	159	**3,083**	944	193	**1,137**
Comprehensive income (loss) for the period		(7,566)	353	**(7,213)**	4,118	(1,560)	**2,558**
Comprehensive income (loss) attributable to:							
Shareholders of Calfrac		(7,566)	362	**(7,204)**	4,118	(1,553)	**2,565**
Non-controlling interest		–	(9)	**(9)**	–	(7)	**(7)**
		(7,566)	353	**(7,213)**	4,118	(1,560)	**2,558**

(iv) Adjustments to the Statement of Cash Flows

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

Three Months Ended June 30, 2010	Note 3(v)	Canadian GAAP	Effect of Transition to IFRS	**IFRS**
(C$000s) (unaudited)		($)	($)	**($)**
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Net loss for the period		(10,457)	161	**(10,296)**
Adjusted for the following:				
Depreciation	d	19,206	(579)	**18,627**
Stock-based compensation	c, h	1,450	28	**1,478**
Loss on disposal of property, plant and equipment		(1,163)	(3)	**(1,166)**
Interest		6,179	–	**6,179**
Deferred income taxes	f	(3,542)	46	**(3,496)**
Non-controlling interest	g	(33)	33	**–**
Interest paid		(536)	–	**(536)**
Changes in items of working capital (note 13)		13,221	(512)	**12,709**
Cash flows provided by operating activities		24,325	(826)	**23,499**
FINANCING ACTIVITIES				
Issuance of long-term debt		(59)	–	**(59)**
Long-term debt repayments		(188)	–	**(188)**
Finance lease obligation repayments		(302)	–	**(302)**
Net proceeds on issuance of common shares		264	–	**264**
Dividends		(2,153)	–	**(2,153)**
Cash flows used in financing activities		(2,438)	–	**(2,438)**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	d	(26,825)	12	**(26,813)**
Proceeds on disposal of property, plant and equipment		4,736	–	**4,736**
Acquisitions (note 12)		143	–	**143**
Cash flows used in investing activities	d	(21,946)	12	**(21,934)**
Effect of exchange rate changes on cash and cash equivalents		5,866	814	**6,680**
Increase in cash and cash equivalents		5,807	–	**5,807**
Cash and cash equivalents, beginning of period		19,676	–	**19,676**
Cash and cash equivalents, end of period		25,483	–	**25,483**

Six Months Ended June 30, 2010	Note 3(v)	Canadian GAAP	Effect of Transition to IFRS	**IFRS**
(C$000s) (unaudited)		($)	($)	**($)**
CASH FLOWS PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net income (loss) for the period		3,179	(1,758)	**1,421**
Adjusted for the following:				
Depreciation	d	38,768	(1,107)	**37,661**
Stock-based compensation	c, h	2,787	105	**2,892**
Gain on disposal of property, plant and equipment		(983)	(3)	**(986)**
Interest		12,332	–	**12,332**
Deferred income taxes	f	(2,465)	2,628	**163**
Non-controlling interest	g	(5)	5	**–**
Interest paid		(10,770)	–	**(10,770)**
Changes in items of working capital		(19,308)	(1,152)	**(20,460)**
Cash flows provided by operating activities		23,535	(1,282)	**22,253**
FINANCING ACTIVITIES				
Issuance of long-term debt		14,930	–	**14,930**
Long-term debt repayments		(376)	–	**(376)**
Finance lease obligation repayments		(599)	–	**(599)**
Loan receivable for purchase of common shares (note 15)		–	–	**–**
Net proceeds on issuance of common shares		2,057	–	**2,057**
Dividends		(2,153)	–	**(2,153)**
Cash flows provided by financing activities		13,859	–	**13,859**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	d	(41,763)	(24)	**(41,787)**
Proceeds on disposal of property, plant and equipment		4,936	–	**4,936**
Acquisitions (note 12)		(2,059)	–	**(2,059)**
Cash flows used in investing activities	d	(38,886)	(24)	**(38,910)**
Effect of exchange rate changes on cash and cash equivalents		1,905	1,306	**3,211**
Increase in cash and cash equivalents		413	–	**413**
Cash and cash equivalents, beginning of period		25,070	–	**25,070**
Cash and cash equivalents, end of period		25,483	–	**25,483**

(v) Explanatory Notes on the Transition to IFRS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As at	Note	June 30, 2010
(C$000s) (unaudited)		($)
Retained earnings as previously reported under Canadian GAAP		203,109
IFRS adjustments to the opening balance sheet		
Deferred income taxes due to inter-company sale of assets	f	2,135
Deferred credit	f	2,505
Estimated forfeitures for employee stock options	h	(36)
Cumulative translation adjustment	a	(18,886)
IFRS adjustments for the six months ended June 30, 2010		
Change in foreign currency translation	d	1,006
Buy-out of non-controlling interest in subsidiary	e	(2,059)
Deferred income taxes due to inter-company sale of assets	f	(149)
Deferred credit	f	(2,505)
Change in non-controlling interest due to foreign currency translation	g	(5)
Estimated forfeitures for employee stock options	h	(105)
Retained earnings as reported under IFRS		**185,010**

4. BANK LOAN

The Company's Colombian subsidiary has an operating line of credit of which US$100 was drawn at June 30, 2011. It bears interest at the LIBOR rate plus 2.85 percent and is secured by a guarantee issued by the Company.

5. LONG-TERM DEBT

As at	**June 30, 2011**	December 31, 2010
(C$000s)		
US$450,000 senior unsecured notes due December 1, 2020, bearing interest at 7.50% payable semi-annually	**434,025**	447,570
US$4,320 senior unsecured notes due February 15, 2015, bearing interest at 7.75% payable semi-annually	**–**	4,297
Less: unamortized debt issue costs and unamortized debt discount	**(7,961)**	(8,638)
	426,064	443,229
$160,000 extendible revolving term loan facility, secured by the Canadian and U.S. assets of the Company	**–**	–
Less: unamortized debt issue costs	**(720)**	(887)
	(720)	(887)
Mortgage obligations maturing between December 2012 and March 2014 bearing interest at rates ranging from 5.15% to 6.69%, repayable at $35 per month principal and interest, secured by certain real property	**–**	3,176
US$2,613 mortgage maturing May 2018 bearing interest at U.S. prime less 1%, repayable at US$33 per month principal and interest, secured by certain real property	**2,439**	2,682
ARS1,496 Argentina term loan maturing December 31, 2013 bearing interest at 18.25%, repayable at ARS61 per month principal and interest, secured by guarantees by the Company	**326**	–
	428,109	448,200
Less: current portion of long-term debt	**(442)**	(4,854)
	427,667	443,346

The fair value of the senior unsecured notes, as measured based on the closing quoted market price at June 30, 2011, was $438,365 (December 31, 2010 – $457,682). The carrying values of the mortgage obligations approximate their fair values as the interest rates are not significantly different from current mortgage rates for similar loans.

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

Interest on long-term debt (including the amortization of debt issue costs and debt discount) for the six months ended June 30, 2011 was $18,003 (year ended December 31, 2010 – $48,758).

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

6. FINANCE LEASE OBLIGATIONS

As at	**June 30, 2011**	December 31, 2010
(C$000s)		
Finance lease contracts bearing interest at rates ranging from 5.68% to 6.58%, repayable at $124 per month, secured by certain equipment	**3,365**	4,110
Less: interest portion of contractual payments	**(193)**	(301)
	3,172	3,809
Less: current portion of finance lease obligations	**(2,164)**	(1,294)
	1,008	2,515

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

7. CAPITAL STOCK

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

	Six Months Ended June 30, 2011		Year Ended December 31, 2010	
Continuity of Common Shares	**Shares**	**Amount**	Shares	Amount
	(#)	**(C$000s)**	(#)	(C$000s)
Balance, beginning of period	**43,488,099**	**263,490**	42,898,880	251,282
Issued upon exercise of stock options	**314,650**	**6,781**	586,885	12,130
Issued for compensation	**–**	**–**	2,334	78
Shares cancelled (note 8)	**(16,476)**	**(105)**	–	–
Balance, end of period	**43,786,273**	**270,166**	43,488,099	263,490

The weighted average number of common shares outstanding for the six months ended June 30, 2011 was 43,589,960 basic and 44,440,522 diluted (six months ended June 30, 2010 – 43,017,353 basic and 43,381,094 diluted). The difference between basic and diluted shares for the six months ended June 30, 2011 is attributable to the dilutive effect of stock options issued by the Company as disclosed in note 9.

8. CONTRIBUTED SURPLUS

Continuity of Contributed Surplus	**Six Months Ended June 30, 2011**	Year Ended December 31, 2010
(C$000s)		
Balance, beginning of period	**15,468**	10,844
Stock options expensed	**4,848**	7,096
Stock options exercised	**(1,462)**	(2,472)
Shares cancelled	**105**	–
Denison Plan of Arrangement	**2,206**	–
Balance, end of period	**21,165**	15,468

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

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

9. STOCK OPTIONS

Stock Options

Continuity of Stock Options (year to date)	**2011**		2010	
	Options	**Average Exercise Price**	Options	Average Exercise Price
	(#)	**(C$)**	(#)	(C$)
Balance, January 1	**2,583,825**	**17.50**	2,508,143	16.70
Granted during the period	**1,077,300**	**34.33**	1,081,200	20.82
Exercised for common shares	**(314,650)**	**16.91**	(155,010)	13.27
Forfeited	**(71,500)**	**25.25**	(62,966)	20.16
Expired	**–**	**–**	(357,292)	23.71
Balance, June 30	**3,274,975**	**22.92**	3,014,075	17.45

Stock options vest equally over three or four years and expire three-and-one-half or five years from the date of grant. The exercise price of outstanding options ranges from $8.35 to $34.40 with a weighted average remaining life of 3.30 years. When stock options are exercised the proceeds, together with the amount of compensation expense previously recorded in contributed surplus, are added to capital stock.

10. FINANCIAL INSTRUMENTS

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

The fair values of financial instruments included in the consolidated balance sheet, except long-term debt and finance lease obligations, approximate their carrying amounts due to the short-term maturity of those instruments. The fair value of the senior unsecured notes based on the closing market price at June 30, 2011 was $438,365 before deduction of unamortized debt issue costs of $7,961 (December 31, 2010 – $457,682 before deduction of unamortized debt issue costs of $8,638). The fair values of the remaining long-term debt and finance lease obligations approximate their carrying values, as described in notes 5 and 6.

11. CAPITAL STRUCTURE

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

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

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

For the twelve months ended	**June 30, 2011**	December 31, 2010
(C$000s)		
Net income for the period	**109,011**	49,418
Adjusted for the following:		
Depreciation	**82,332**	77,429
Amortization of deferred finance costs and debt discount	**11,146**	11,944
Stock-based compensation	**9,130**	7,174
Gain on disposal of property, plant and equipment	**(1,036)**	(941)
Deferred income taxes	**35,963**	12,108
Cash flow	**246,546**	157,132

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

At June 30, 2011, the long-term debt to cash flow ratio was 1.74:1 (December 31, 2010 – 2.85:1) calculated on a 12-month trailing basis as follows:

As at	**June 30, 2011**	December 31, 2010
(C$000s)		
Long-term debt (net of unamortized debt issue costs and debt discount) (note 4)	**428,109**	448,200
Cash flow	**246,546**	157,132
Long-term debt to cash flow ratio	**1.74:1**	2.85:1

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

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

12. ACQUISITION

In March 2010, the Company acquired the non-controlling interest in one of its subsidiaries for approximately $2,100. The acquisition is considered a capital transaction and, accordingly, the amount was charged to retained earnings.

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

13. SUPPLEMENTAL INFORMATION

Changes in non-cash working capital are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	**2011**	2010
(C$000s)				
Accounts receivable	**65,518**	52,919	**(5,426)**	(8,184)
Income taxes recoverable	**1,913**	(62)	**2,022**	93
Inventory	**725**	(8,074)	**(13,658)**	(13,842)
Prepaid expenses and deposits	**78**	(3,829)	**(1,041)**	(4,295)
Accounts payable and accrued liabilities	**(10,069)**	(28,205)	**9,145**	5,866
Other long-term liabilities	**(27)**	(40)	**(84)**	(98)
	58,138	12,709	**(9,042)**	(20,460)

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

14. ADDITIONAL IFRS DISCLOSURE

The following IFRS disclosure relating to the six months ended June 30, 2011 and 2010 is material to an understanding of these interim financial statements:

(i) Presentation of expenses

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

- operations; and
- selling, general and administrative.

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

Six Months Ended June 30,	**2011**	2010
(C$000s)		
Depreciation (included in cost of sales)	**42,564**	37,661
Amortization of debt issue costs and debt discount	**592**	1,390
Employee benefits expense (ii)	**142,404**	89,041

(ii) Employee benefits expense

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

Six Months Ended June 30,	**2011**	2010
(C$000s)		
Salaries and short-term employee benefits	**134,674**	84,162
Post-employment benefits (group retirement savings plan)	**1,403**	790
Share-based payments	**6,175**	3,694
Termination benefits	**152**	395
Other	**–**	–
	142,404	89,041

15. RELATED-PARTY TRANSACTIONS

An entity controlled by a director of the Company provides ongoing real estate advisory services to the Company. The aggregate fees charged to date for such services during 2011 were $69, as measured at the exchange amount.

In November 2010, the Company lent a senior officer $2,500 for the purpose of facilitating the purchase of common shares of the Company on the Toronto Stock Exchange. The loan is on a non-recourse basis and is secured by the common shares acquired with the loan proceeds. It is for a term of five years and bears interest at the rate of 3.375 percent per annum, payable annually. The market value of the shares that secure the loan was approximately $2,688 as at June 30, 2011. In accordance with applicable accounting standards regarding share purchase loans receivable, this loan is classified as a reduction of shareholders' equity due to its non-recourse nature. In addition, the shares purchased with the loan proceeds are considered to be, in substance, stock options.

16. CONTINGENCIES

Greek Operations

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

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

In 1999, the largest group of plaintiffs received a ruling from the Athens Court of First Instance that their termination was invalid and that salaries in arrears amounting to approximately $9,575 (6,846 euros) plus interest were due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. The said group of former employees filed an appeal with the Supreme Court of Greece, which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered in June 2010. NAPC and the Company are assessing available rights of appeal to any other levels of court in any jurisdiction where such an appeal is warranted. Counsel to NAPC has obtained a judicial order entitling NAPC to obtain certain employment information in respect of the plaintiffs which is required in order to assess the extent to which the plaintiffs have mitigated any damages which may otherwise be payable.

Several other smaller groups of former employees have filed similar cases in various courts in Greece. One of these cases was heard by the Athens Court of First Instance on January 18, 2007. By judgment rendered November 23, 2007, the plaintiff's allegations were partially accepted, and the plaintiff was awarded compensation for additional work of approximately $49 (35 euros), plus interest. The appeal of this decision was heard on June 2, 2009, at which time an additional claim by the plaintiff was also heard. A decision in respect of the hearing has been rendered which accepted NAPC's appeal of the initial claim and partially accepted the additional claim of the plaintiff, resulting in an award of approximately $15 (11 euros), plus interest.

Another one of the lawsuits seeking salaries in arrears of $179 (128 euros), plus interest, was heard by the Supreme Court of Greece on November 6, 2007, at which date the appeal of the plaintiffs was denied for technical reasons due to improper service. A rehearing of this appeal was heard on September 21, 2010 and the decision rendered declared once again the appeal inadmissible due to technical reasons. The remaining action, which is seeking salaries in arrears of approximately $614 (439 euros) plus interest, was scheduled to be heard before the Athens Court of First Instance on October 1, 2009, but was adjourned until November 18, 2011 as a result of the Greek elections.

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

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

Potential Claim

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

17. SEGMENTED INFORMATION

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

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

	Canada	United States	Russia	Latin America	Corporate	Consolidated
(C$000s)						
Three Months Ended June 30, 2011						
Revenue	**86,583**	**141,631**	**29,806**	**11,436**	**–**	**269,456**
Operating income (loss)[1]	**4,505**	**48,931**	**3,647**	**(249)**	**(8,897)**	**47,937**
Segmented assets	**583,365**	**423,076**	**121,470**	**38,557**	**–**	**1,166,468**
Capital expenditures	**35,148**	**34,408**	**2,267**	**224**	**–**	**72,047**
Goodwill	**7,236**	**2,308**	**979**	**–**	**–**	**10,523**
Three Months Ended June 30, 2010						
Revenue	52,183	77,687	18,046	16,933	–	164,849
Operating income (loss)[1]	1,500	18,870	1,649	(1,163)	(5,978)	14,878
Segmented assets	442,089	260,071	103,782	48,036	–	853,978
Capital expenditures	19,141	5,515	1,948	209	–	26,813
Goodwill	7,236	2,308	979	–	–	10,523
Six Months Ended June 30, 2011						
Revenue	**288,036**	**240,106**	**56,135**	**22,587**	**–**	**606,864**
Operating income (loss)[1]	**72,938**	**77,626**	**5,579**	**(977)**	**(19,229)**	**135,937**
Segmented assets	**583,365**	**423,076**	**121,470**	**38,557**	**–**	**1,166,468**
Capital expenditures	**60,957**	**71,770**	**4,597**	**500**	**–**	**137,824**
Goodwill	**7,236**	**2,308**	**979**	**–**	**–**	**10,523**
Six Months Ended June 30, 2010						
Revenue	185,814	133,719	35,622	36,817	–	391,972
Operating income (loss)[1]	40,925	22,957	2,306	413	(12,892)	53,709
Segmented assets	442,089	260,071	103,782	48,036	–	853,978
Capital expenditures	26,132	11,698	3,318	639	–	41,787
Goodwill	7,236	2,308	979	–	–	10,523

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

(C$000s)	Three Months Ended June 30, 2011	2010	Six Months Ended June 30, 2011	2010
Net income (loss)	**11,951**	(10,296)	**61,014**	1,421
Add back (deduct):				
Depreciation	**21,040**	18,627	**42,564**	37,661
Interest	**8,612**	6,179	**17,697**	12,332
Foreign exchange losses (gains)	**(1,813)**	4,407	**(10,476)**	2,084
Gain on disposal of capital assets	**(847)**	(1,166)	**(1,081)**	(986)
Income taxes	**8,994**	(2,873)	**26,219**	1,197
Operating income	**47,937**	14,878	**135,937**	53,709

The following table sets forth consolidated revenue by service line:

(C$000s)	Three Months Ended June 30, 2011	2010	Six Months Ended June 30, 2011	2010
Fracturing	**247,932**	142,581	**551,560**	343,108
Coiled tubing	**16,036**	11,851	**42,595**	27,954
Cementing	**3,720**	4,915	**8,181**	10,085
Other	**1,768**	5,502	**4,528**	10,825
	269,456	164,849	**606,864**	391,972

18. SEASONALITY OF OPERATIONS

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

19. DIVIDENDS

A dividend of $0.075 per common share was declared on June 16, 2011 and paid on July 15, 2011.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Douglas R. Ramsay [4]
Chief Executive Officer
Calfrac Well Services Ltd.

Kevin R. Baker [2][3]
President &
Managing Director
Baycor Capital Inc.

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

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

Lorne A. Gartner [1][4]
Independent Businessman

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

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

OFFICERS

Douglas R. Ramsay
Chief Executive Officer

Fernando Aguilar
President &
Chief Operating Officer

Gordon A. Dibb
Executive Vice President

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

John L. Grisdale
President,
United States
Operating Division

OFFICERS

F. Bruce Payne
President,
Canadian Operating Division

Robert L. Sutherland
President,
Russian Operating Division

O. Alberto Bertolin
Director General,
Latin America Division

Armando J. Bertolin
Director General,
Latin America Division

Dwight M. Bobier
Senior Vice President,
Technical Services

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

Tom J. Medvedic
Senior Vice President,
Corporate Development

Donald R. Battenfelder
Vice President,
Global Operations

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

Chris K. Gall
Vice President,
Global Supply Chain

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

Michael D. Olinek
Vice President, Finance

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

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

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

A. Scott Tuttle
Vice President,
Human Resources

Matthew L. Mignault
Corporate Controller

HEAD OFFICE

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

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

BANKERS

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

LEGAL COUNSEL

Bennett Jones LLP
Calgary, Alberta

STOCK EXCHANGE LISTING

Trading Symbol: CFW

OPERATING BASES

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

British Columbia, Canada
Dawson Creek
Fort Nelson

Saskatchewan, Canada
Estevan

Colorado, United States
Denver – Regional Office
Grand Junction
Platteville

Arkansas, United States
Beebe

Pennsylvania, United States
Philipsburg
Smithfield

North Dakota, United States
Williston

Russia
Moscow – Regional Office
Khanty-Mansiysk
Noyabrsk
Nefteugansk

Mexico
Mexico City – Regional Office
Reynosa
Poza Rica

Argentina
Buenos Aires – Regional Office
Catriel

REGISTRAR AND TRANSFER AGENT

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

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