

August 28, 2020

Calfrac Well Services Ltd.

Calfrac Sets the Record Straight on Its Important Recapitalization Transaction



Setting the Record Straight – **ONLY ONE CALFRAC TRANSACTION**

- 1. Fact:** The Calfrac Recapitalization Transaction is the **only transaction being voted on**. The meetings are scheduled for **September 17, 2020**. It is recommended that all Calfrac stakeholders **VOTE FOR** this transaction.
- 2. Fact:** Holders of 78% of the **Unsecured Notes continue to support the Recapitalization Transaction**. No other party has presented anything that Unsecured Noteholders will approve.
- 3. Fact:** Calfrac has been criticized for agreeing to its new financing with parties who hold Unsecured Notes. To be clear, these were the parties prepared to provide new, much-needed financing to Calfrac on reasonable terms; and MATCO's participation was considered to be an important reassurance to other investors. Wilks Brothers declined any consensual discussions, and only tried to lever its way in after a deal had already been struck with these other investors.

Importantly, Calfrac already owed the Unsecured Noteholders **US\$431.8 million and accrued interest**, which represents most of the Company's now-unsustainable debt burden. The most recent interest payment due on these notes was not paid.
- 4. Fact:** It is impossible for Calfrac shareholders to know how they would fare if they ended up in a company controlled by Wilks Brothers. Wilks Brothers will simply not explain how Calfrac could ever prosper, with Wilks Brothers as a future 63% shareholder, while competing and colliding directly with ProFrac, which is 100%-owned by Wilks Brothers.

An **independent Calfrac is far better** than one controlled by Wilks Brothers, which would then hold the power, if it wished: to squeeze Calfrac out of business; and to propose another disadvantageous business combination, where Calfrac would have essentially no alternatives. **A deal with Wilks Brothers would carry significant, unmeasurable risks.**
- 5. Fact:** Wilks Brothers also never explains why it continuously seeks, in both Canada and the United States, **to force Calfrac into insolvency**, while it concurrently seeks to seduce Calfrac stakeholders into rejecting the only executable deal that is on the table. This combination of actions makes no common sense, and creates untenable risk for stakeholders.

Setting the Record Straight

■ **Wilks Brothers remains a Wolf in Sheep's Clothing**

■ **So far, Wilks Brothers has:**

- aggressively pursued legal maneuvers in the Canadian and US courts to try to force Calfrac into insolvency;
- submitted only fire-sale bids for Calfrac's assets;
- tried to undermine Calfrac's Recapitalization Transaction, with inaccuracies and blustery statements;
- promoted an alternative that is illusory and not up for a vote; and
- laid blame on everyone but itself.

■ **Calfrac is in it for the long haul:**

- Calfrac has elected to pursue a consensual non-insolvency restructuring in order to protect its employees, customers, suppliers and brand.
- The value of Calfrac's business is being maintained through the Recapitalization Transaction.
- There is material upside potential in Calfrac.
- Calfrac can still pursue a corporate transaction, after the closing of the Recapitalization Transaction, with any party who is willing to recognize fair value.
- Calfrac believes that the current low total enterprise value ("TEV") will not stay at today's depressed level forever. Calfrac's Recapitalization Transaction shows faith in a recovery.

Setting the Record Straight

- **Inaccuracies of Wilks Brothers' Statements:**
- **Characterization of the Recapitalization Transaction.** Wilks Brothers seeks to portray Calfrac's Recapitalization Transaction as an inappropriate transaction with certain Unsecured Noteholders and MATCO.
 - The Recapitalization Transaction is the result of arms-length negotiations, to which Wilks Brothers **was invited, but declined**.
 - The Unsecured Noteholders are an entire creditor class, that predated this transaction. The fact that **78%** of this credit class has independently agreed to support the Recapitalization Transaction is evidence of **very broad support, and not of narrow interests**.
 - George Armoyan and his affiliated company, G2S2 Capital, act entirely independently and at arm's length to MATCO and the other parties to this transaction. Adding together the holdings of these parties to invent a control position does not equate to the 63% control position sought by Wilks Brothers.
 - The portrayal by Wilks Brothers of the parties willing to finance and work with Calfrac borders on malicious and defamatory.
- **Illusory Availability of an Alternative Proposal.** Wilks Brothers is urging Calfrac Shareholders to reject the Recapitalization Transaction.
 - There is no certainty that Wilks Brothers' alternative proposal will ever see the light of day. If Shareholders were to vote down the Recapitalization Transaction, the credit hierarchy and legal processes would still apply, each of which require the approval of Unsecured Noteholders. There are many legal, regulatory and business uncertainties about what would happen next, in such an adverse circumstance.
 - If Shareholders do not **VOTE FOR** the Recapitalization Transaction, they would be running the very real risk of a more adverse outcome.

There are misleading inaccuracies in the materials produced and statements made by Wilks Brothers, as detailed on the following slides.

Correcting Inaccuracies From Wilks Brothers

<p style="text-align: center;"><u>Inaccuracies</u> Wilks Brothers</p>	<p style="text-align: center;"><u>The Truth</u> Recapitalization Transaction</p>
<p>× <i>“Calfrac has consistently avoided constructive engagement with Wilks”</i></p>	<ul style="list-style-type: none"> ✓ Calfrac has made numerous invitations to engage under an NDA⁽¹⁾. ✓ Wilks Brothers dithered and then declined, and instead: delivered unexecutable, self-interested proposals; petitioned the courts to declare Calfrac insolvent; and litigated essentially everything.
<p>× <i>“Calfrac summarily rejected Wilks’ confidential proposals”</i></p>	<ul style="list-style-type: none"> ✓ Wilks Brothers June 14 “proposal” was only US\$102 million for all of Calfrac’s U.S. assets, or just over US\$100 per hydraulic horsepower. This was preposterous. ✓ At an 80% discount to new-build costs and the lowest metrics of any comparable transaction in industry history, Calfrac properly rejected Wilks Brothers “proposal”.
<p>× <i>“Merits of Alternative Proposal” and “Alternative Proposal Will Remain Available”</i></p>	<ul style="list-style-type: none"> ✓ Wilks Brothers “proposal” provides inferior recoveries to Unsecured Noteholders ✓ Unsecured Noteholders will not support an inferior transaction. ✓ Without Unsecured Noteholders’ support, the risk of a more adverse event for all Calfrac stakeholders materially increases. ✓ Wilks Brothers paints its alternative as remaining “available to Calfrac”, but such a statement carries many legal, regulatory and business uncertainties and risks. It ignores reality.

Source: Public Filings.

(1) “NDA” is a non-disclosure agreement, created to protect the confidential information of Calfrac, and executed in substantially the same form with numerous stakeholders of Calfrac.

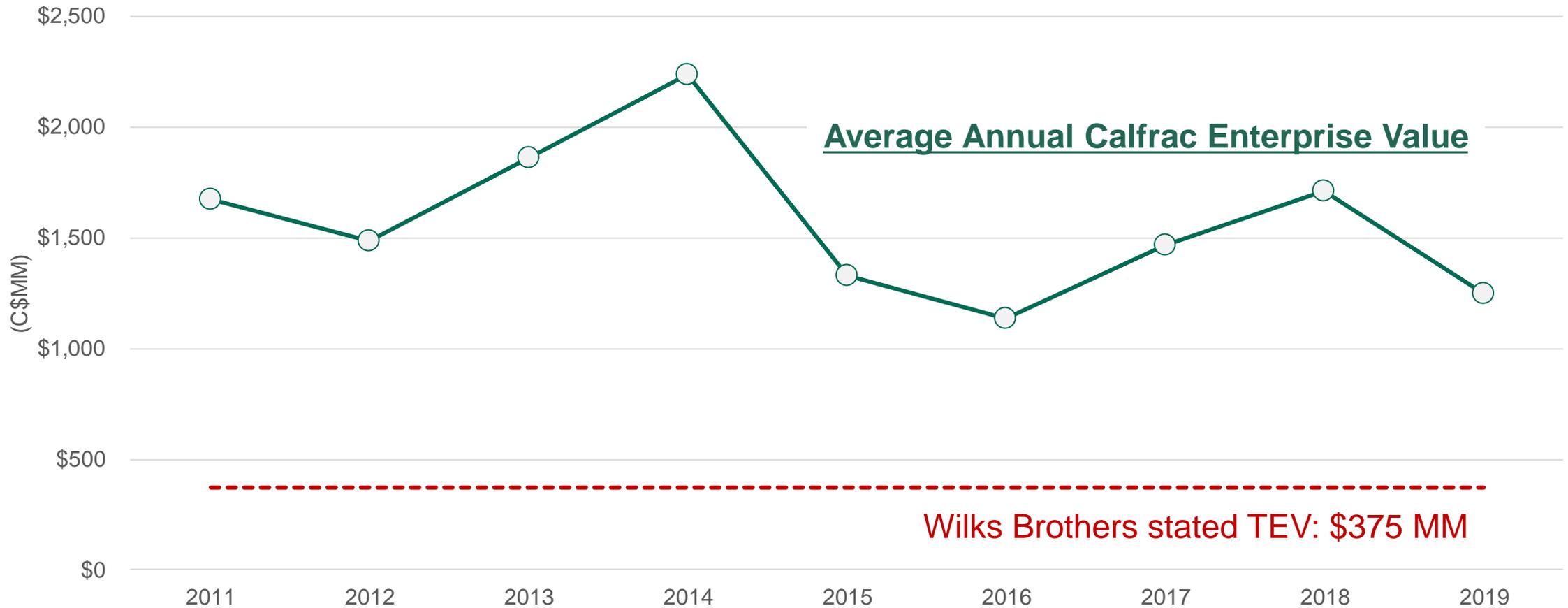
Correcting Inaccuracies From Wilks Brothers (Cont.)

<p style="text-align: center;"><u>Inaccuracies</u> Wilks Brothers</p>	<p style="text-align: center;"><u>The Truth</u> Recapitalization Transaction</p>
<p>× “[Calfrac] Proposes to Cede Control to a Competitor”</p>	<ul style="list-style-type: none"> ✓ The real problem is: Wilks Brothers seeking to own over 63% of Calfrac’s equity in a no-premium change of control, while it also owns 100% of a direct competitor (ProFrac). This would diminish future opportunities for Calfrac, in particular, pursuing a premium value at a better time in the cycle. ✓ Necessary capital infusion has been sourced from parties willing to sign an NDA and commit to real solutions (unlike Wilks Brothers). ✓ The track record of Wilks Brothers has been considered by the Board and needs to be considered carefully by Calfrac stakeholders (breached NDA, “all-time-low” proposals).
<p>× “Trying to suppress the shareholder vote [through in-person meeting]”</p>	<ul style="list-style-type: none"> ✓ Calfrac did not initially seek an in-person Shareholders’ meeting and wanted a hybrid (virtual and in-person) meeting. ✓ Calfrac’s transfer agent was unable to accommodate Calfrac’s request to have hybrid meetings. ✓ Ironically, this was due to Wilks Brothers’ actions and the contested nature of the meetings. ✓ All shareholders may vote by proxy or at the meeting. ✓ Wilks Brothers’ own legal counsel has recently publicly stated that [a virtual AGM] “is not a recommended method for a contested or potentially contested meeting (e.g., a proxy battle or potentially contentious special business to be put before shareholders).” <i>Cassels Brock “COVID-19 Impact: Welcome to Our 2020 AGM – Through Our Virtual Gateway”</i>. ✓ Wilks Brothers should apologize for its erroneous and inflammatory accusations.

Correcting Inaccuracies From Wilks Brothers (Cont.)

<p style="text-align: center;"><u>Inaccuracies</u> Wilks Brothers</p>	<p style="text-align: center;"><u>The Truth</u> Recapitalization Transaction</p>
<p>× <i>“Better treatment to Unsecured Noteholders”</i></p>	<ul style="list-style-type: none"> ✓ The Recapitalization Transaction is better for Unsecured Noteholders above \$400 million TEV. ✓ Holders of 78% of Unsecured Notes contractually support the Restructuring Transaction, and not any other proposal. ✓ The Unsecured Noteholders have already told Wilks Brothers what they think.
<p>× <i>“Enriches a select group of insiders”</i></p>	<ul style="list-style-type: none"> ✓ New capital is immediately needed to maintain sufficient liquidity in the business. ✓ Unsecured Noteholders now have a US\$431 million claim, plus accrued interest. ✓ A significant majority of the new capital is being provided by independent Unsecured Noteholders. The new investors considered the benefit of MATCO investing alongside them, as reassurance to other investors. ✓ All eligible Unsecured Noteholders have the opportunity to participate in the 1.5 Lien Notes.
<p>× <i>“Better treatment to existing Shareholders”</i></p>	<ul style="list-style-type: none"> ✓ Wilks Brothers “proposal” is not superior to the Recapitalization Transaction, as determined by independent directors on the Special Committee of the Board of Directors. ✓ Without Unsecured Noteholder support, the Wilks Brothers “proposal” is an illusion that is misleading to Shareholders. ✓ There is only one transaction available to Shareholders, the Recapitalization Transaction. ✓ If the Recapitalization Transaction does not proceed, Shareholders will face significant risks and uncertainties.

Calfrac's Enterprise Value Historically Much Higher



The Recapitalization Transaction preserves upside for Calfrac shareholders and Unsecured Noteholders.

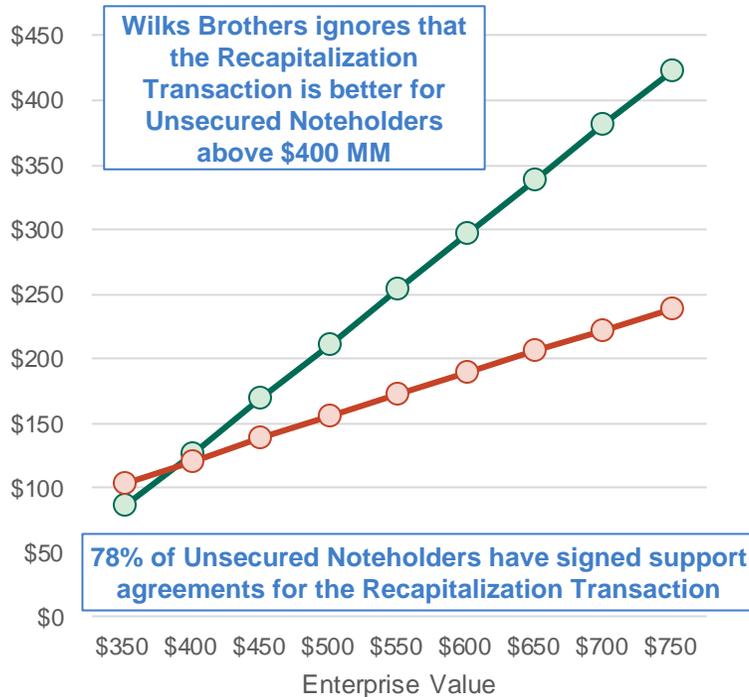
Source: Company Disclosure, FactSet.
Note: All figures in Canadian dollars unless otherwise noted.

The Facts on Unsecured Noteholder Value At Various TEVs

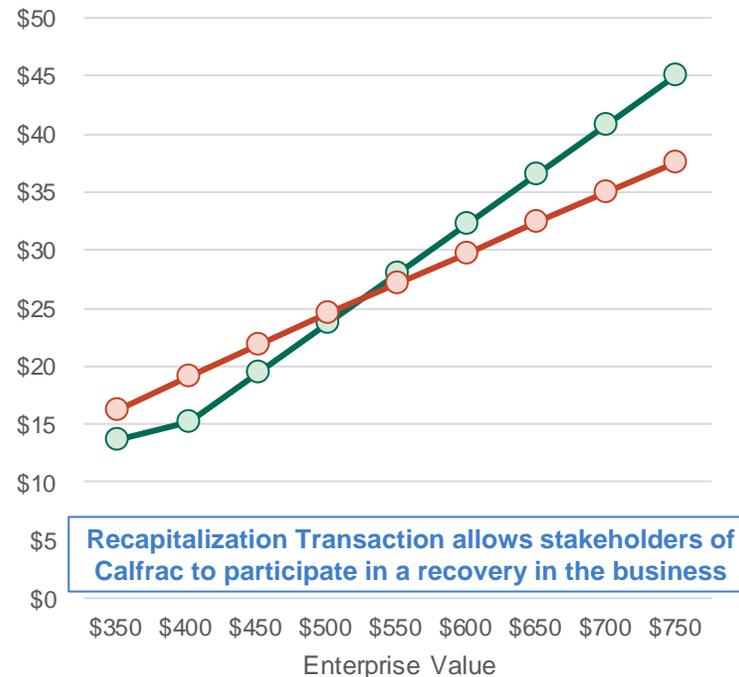
- Wilks Brothers' proposal is **in its own interest, does not have Unsecured Noteholder support and is not executable.**

— Recapitalization Transaction
 — Wilks Brothers Proposal

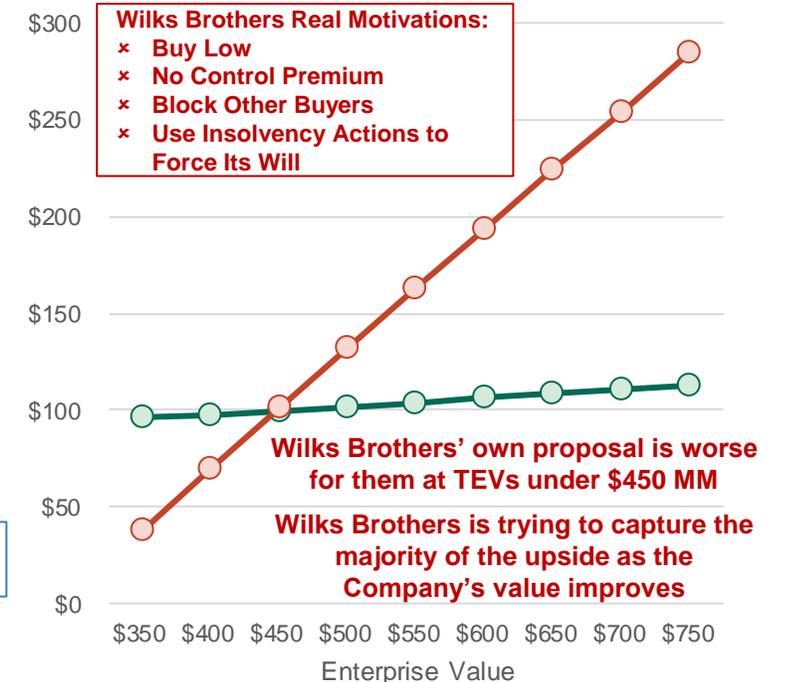
Recovery to All Unsecured Noteholders



Recovery to Unsecured Noteholders Participating only in 1.5L Pro-Rata



Recovery to Wilks Brothers



Unsecured Noteholders Prefer the Recapitalization Transaction. Wilks Brothers Seeks Profit for Itself.

The Recapitalization Transaction is the Only Executable Transaction

Stakeholder Group	Recapitalization Transaction	Wilks Brothers “Proposal”
First Lien Lenders	✓ Full Recovery	✓ Full Recovery
Second Lien Noteholders	✓ Full Recovery	✓ Full Recovery
All Unsecured Noteholders	✓ Superior Recovery at TEV >\$400 MM	× Inferior Recovery
Unsecured Noteholders Participating only in 1.5L Pro-Rata	✓ Superior Recovery at TEV >\$550 MM	× Inferior Recovery
Common Shareholders	<ul style="list-style-type: none"> • 7.8% of Common Equity (pre-conversion) • Ability to Pursue Future Value Enhancing Transactions 	<ul style="list-style-type: none"> × Discounted valuation due to conflict from 100%-owned competitor ProFrac × Selling control to Wilks Brothers at the bottom of the market

Calfrac Stakeholders Need to Focus on the Facts

- **The Recapitalization Transaction is the ONLY Executable Transaction.**
 - The Calfrac Board of Directors has negotiated the Recapitalization Transaction on an arms-length basis with independent creditors to provide participation in a future recovery to all stakeholders.
 - **Holder**s of 78% of the Unsecured Notes are contractually committed to the Recapitalization Transaction and do not view the Wilks Brothers “proposal” as superior.
 - Shareholders need to examine the facts and recognize that Wilks Brothers has no ability to deliver on its “proposal” without Unsecured Noteholder support.
- **Wilks Brothers’ Approach is the Wrong Result for Calfrac.**
 - Wilks Brothers’ Proposal cannot be executed.
 - It would make Calfrac subservient to a competitor.
- **Wilks Brothers is aggressively petitioning the courts of Alberta and Texas to force an insolvency of Calfrac.**
 - Putting forth an illusory alternative proposal, while petitioning the courts in this way, is duplicitous and self-serving.
- **VOTING FOR the Recapitalization Transaction is in the best interests of all stakeholders.**
 - Allowing Wilks Brothers to derail the Recapitalization Transaction would significantly risk the recovery to shareholders.

The Recapitalization Transaction is the Right Result for Calfrac and its Stakeholders.

Forward Looking Statements

Certain statements contained in this Presentation constitute forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "continue", "estimate", "forecast", "expect", "may", "will", "intend", "could", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. We believe that the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Presentation should not be unduly relied upon. Other than as required by applicable laws, we do not intend, and do not assume any obligation, to update these forward-looking statements. In particular, this Presentation contains forward-looking statements pertaining to the following:

- the expected completion of the Recapitalization Transaction;
- the expected future recoveries for stakeholders under the Recapitalization Transaction and the Wilks Brothers Proposal;
- the expected recovery of the Company's business from historic lows;
- the risks of future adverse events;
- anticipated pro forma ownership of the Company's common shares;
- the Company's expected pro forma capital structure; and
- the relative risks associated with execution of the Recapitalization Transaction and the Wilks Brothers Proposal.

The forward-looking statements contained in this Presentation are based on certain assumptions and analyses made by the Company in light of our experience and perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate in the circumstances, including, but not limited to, the assumptions that the Recapitalization Transaction will be implemented as described in our recently filed information circular. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of risks associated with the implementation of the Recapitalization Transaction, including the requirement to obtain all necessary approvals in respect thereof, and the risk factors set forth in our recently filed information circular, as well as our financial statements and annual information form filed and available on SEDAR at www.sedar.com.