



Calfrac Announces Modification of Certain Disclosure and a Related Court Application

March 1, 2021 5:00 PM EST

CALGARY, AB, March 1, 2021 /CNW/ - Calfrac Well Services Ltd. ("Calfrac" or the "Company") (TSX: CFW) announced today the modification of its prior disclosure on one matter and its intention to make an application to the Court of Queen's Bench of Alberta in relation to this modified disclosure.

Background

As previously announced, Calfrac successfully completed its Amended Recapitalization Transaction on December 18, 2020. This transaction was implemented pursuant to a Plan of Arrangement under the *Canada Business Corporations Act*. The Plan was approved by court orders in both Canada and the United States.

Calfrac's Shareholders and Unsecured Noteholders had overwhelmingly approved the Company's Amended Recapitalization Transaction on October 16, 2020. Fewer than 4% of the Calfrac securities held by investors, other than Wilks Brothers, LLC, a direct competitor of Calfrac, voted against the Plan.

Voting Procedures

Care was taken to maintain a voting process that complied with all applicable laws and the rules of the Toronto Stock Exchange. A comprehensive vote required the approval of the Plan by 66 2/3% of the votes cast by all Calfrac Shareholders who voted. In addition, a separate vote count was done for certain matters that included only the votes of disinterested Shareholders, with a 50% approval threshold in each case. A separate vote was conducted in respect of authorizing the issuance of Calfrac Common Shares upon the conversion of the newly issued 1.5 Lien Notes, which included only the votes of those Shareholders who did not acquire any of such 1.5 Lien Notes.

Modified Disclosure

Calfrac recently became aware that one institutional Shareholder of Calfrac purchased approximately \$1 million of the 1.5 Lien Notes. The purchase was made pursuant to a pro rata offering, made to qualified holders of Calfrac's previously issued Unsecured Notes. Up to \$15 million of principal amount of 1.5 Lien Notes was offered to such Unsecured Noteholders as part of the Plan.

Despite efforts to confirm that the institutional Shareholder and other Shareholders had not purchased any of such Notes, the purchase of these Notes by such Shareholder was not discovered at the time of subscription, as the subscriber name was that of an unknown affiliated entity, rather than the institution's usual name as it was known to Calfrac's agents. The subscriber's address was also the address of an unrelated custodial institution, rather than that of the institutional Shareholder.

The dollar amount of the subscription was not material to any of: Calfrac, the 1.5 Lien Note financing, the Plan or the institutional Shareholder.

Calfrac further advises that Calfrac and the institutional Shareholder intend to rescind the subscription and cancel the applicable 1.5 Lien Notes following which the institutional Shareholder will be returned its initial purchase price.

Calfrac has advised applicable regulators and will be making an application to the Court of Queen's Bench of Alberta with respect to this matter.

Benefits of the Plan and Conclusion

The previously disclosed benefits of the approved Plan remain the same:

- A reduction of Calfrac's indebtedness by approximately \$576 million;

- A reduction in Calfrac's annual interest costs by as much as \$51 million;

- Additional corporate liquidity, representing the capital injected by investors in the 1.5 Lien Notes;

- The issuance of two share purchase warrants for each Calfrac share previously held;

- The completion of a tender offer for Calfrac shares, where 6,061,561 shares were tendered for \$909,234 in cash, plus warrants; and

- An amendment to the Company's Senior Bank Credit Facility, including a waiver of the Funded Debt to Bank EBITDA covenant through Q2/21.

Calfrac's common shares and warrants are publicly traded on the Toronto Stock Exchange under the trading symbols "CFW" and "CFW.WT", respectively. Calfrac provides specialized oilfield services to exploration and production companies designed to increase the production of hydrocarbons from wells drilled throughout western Canada, the United States, Argentina and Russia.

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are

intended to identify forward-looking information or statements. More particularly and without limitation, this press release contains forward-looking statements and information relating to the anticipated rescission of a subscription for 1.5 Lien Notes by an institutional Shareholder, cancellation of the applicable 1.5 Lien Notes and return of the investment proceeds to such institutional Shareholder, and a related application to the Court of Queen's Bench of Alberta, and Calfrac's intentions and expectations with respect to the foregoing.

These forward-looking statements and information are based on certain key expectations and assumptions made by Calfrac in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

Although Calfrac believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information, as Calfrac cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with: actions taken by Wilks Brothers, LLC; decisions by securities regulators and/or the courts; default under the Company's credit facilities and/or the Company's senior secured notes due to a breach of covenants therein; failure to reach any additional agreements with the Company's lenders; the impact of events of default in respect of other material contracts of the Company, including but not limited to, cross-defaults resulting in acceleration of amounts payable thereunder or the termination of such agreements; failure to receive any applicable regulatory, court, third party and other stakeholder approvals or decisions in respect of the Recapitalization Transaction and the court orders granting enforcement thereof; Calfrac's ability to continue to manage the effect of the COVID-19 pandemic on its operations; global economic conditions; along with those risk and uncertainties identified under the heading "Risk Factors" and elsewhere in the Management Information Circular dated August 17, 2020, as supplemented by the Material Change Report dated September 25, 2020, and the Company's annual information form dated March 10, 2020, each as filed on SEDAR at www.sedar.com.

The forward-looking statements and information contained in this press release are made as of the date hereof and Calfrac does not undertake any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. This press release is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent an exemption from registration under the Securities Act of 1933.

SOURCE Calfrac Well Services Ltd.



For further information: Scott Treadwell, Vice President, Capital Markets and Strategy at (403) 266-6000.