



Calfrac Announces Completion of Amended Recapitalization Plan

December 18, 2020

CALGARY, AB, Dec. 18, 2020 /CNW/ - Calfrac Well Services Ltd. ("**Calfrac**" or the "**Company**") (TSX: CFW) is very pleased to announce the completion of its previously disclosed amended recapitalization transaction.

The amended recapitalization transaction was implemented pursuant to a Plan of Arrangement (the "**Plan**") under the *Canada Business Corporations Act* ("**CBCA**"). This Plan was approved by an order of the Court of Queen's Bench of Alberta dated October 30; and an order giving full effect to the Plan in the United States was entered effective December 1.

Calfrac's Executive Chairman, Ron Mathison, commented: "We are delighted to make this announcement, which represents a new beginning for Calfrac. Calfrac now enters 2021 with: much lower debt; dramatically reduced interest expenses; a significant \$60 million increase in the Company's liquidity; and a number of new, well-engaged investors."

Lindsay Link, Calfrac's President and Chief Operating Officer added: "We are becoming increasingly optimistic about client activity in all of the geographic areas that we serve. The combination of today's capital structure changes, improving business conditions and continuing expense reductions all bode well for the coming year."

A presentation containing the details of the Plan, as well as other important information, is available on the Company's website or by clicking [here](#). A short summary of the specific elements of the Plan can be found below.

Two new directors have been appointed to the Calfrac Board: the well-known entrepreneur and investor, Mr. George Armoyan; and a senior investment manager, Mr. Anuroop Duggal. Mr. Armoyan is now the most significant investor in Calfrac; and Mr. Duggal is the nominee of another important new investor.

With the appointment of the two new directors, Messrs. Kevin R. Baker, QC and James S. Blair have retired from the Board. Mr. Mathison noted: "Both Kevin and Jamie have been exemplary directors throughout their long tenure. Their hard work, sound judgement and untiring dedication have served all of Calfrac's stakeholders exceedingly well. In Mr. Blair's case, I would specifically like to recognize his many notable contributions to Calfrac's extensive Health, Safety, Environment and Quality Management initiatives. For Mr. Baker, I would like to acknowledge his combination of legal expertise and extensive business experience which allowed him to bring particularly valuable perspectives to Calfrac's board."

Mr. Link also stated: "We are most grateful to the clients and vendors who have been steadfast partners of Calfrac, certainly over time, but especially throughout the past turbulent year. In addition, the Calfrac managers and employees in the field, in the various districts and at head office have never faltered. The long and complex process of completing the Plan could never have been accomplished without the efforts of our financial and legal advisors, our executive team and our board of directors. We offer sincere thanks to them all."

SUMMARY OF SPECIFIC ELEMENTS OF THE PLAN

As a result of the Plan, Calfrac has been able to:

Reduce indebtedness by approximately \$576 million, converted using the exchange rate as of September 30, primarily representing the face value of the Senior Unsecured Notes that were exchanged for common equity in the Company;

Reduce annual interest costs by as much as \$51 million, converted using the exchange rate as of September 30;

Secure an increase in liquidity of \$60 million, representing the capital injected by investors in the 1.5 Lien Convertible Notes. This amount is before the payment of remaining transaction costs;

Issue to shareholders of record as of December 17, two share purchase warrants for every Calfrac share held. Each warrant allows the holder to purchase a share of common equity from the Company for \$0.05 (\$2.50 post consolidation). These warrants have a three-year term following the effective date, expiring on December 18, 2023 and will be listed for trading on the TSX under the symbol CFW.WT;

Complete, using existing liquidity, a prior tender offer for Calfrac shares, where 6,061,561 shares were tendered for \$909,234 in cash. The holders of these shares will also receive warrants for shares tendered per the terms of the tender offer;

Execute an amendment to the Company's Senior Bank Credit Facility, including a waiver of the Funded Debt to Bank EBITDA covenant through Q2/21; and,

Execute a share and warrant consolidation at a 50:1 ratio, resulting in approximately 37.4 million shares outstanding at closing, before giving effect to future warrant exercises, backstop fees, equity-linked compensation or conversion of the 1.5 Lien Convertible Notes. No fractional shares or warrants were issued as a part of the consolidations.

A further news release will be issued by the Company to confirm the commencement of trading of the post-consolidation shares and warrants.

Calfrac's common shares are publicly traded on the Toronto Stock Exchange under the trading symbol "CFW". 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 the expected positive impacts of the amended recapitalization transaction; expectations for improved customer activity and expense reductions in 2021; the expected reduction in annual cash interest expense; the anticipated listing of the warrants for trading on the TSX and the commencement of trading thereof; the anticipated commencement of trading of the common shares on a post-share consolidation basis; and Calfrac's expectations and intentions 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, including, but not limited to, the following: the economic and political environment in which Calfrac operates; Calfrac's expectations for its customers' capital budgets and geographical areas of focus; the effect unconventional oil and gas projects have had on supply and demand fundamentals for oil and natural gas; Calfrac's existing contracts and the status of current negotiations with key customers and suppliers; the effectiveness of cost reduction measures instituted by Calfrac; and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

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: Calfrac's ability to continue to manage the effect of the COVID-19 pandemic on its operations; actions taken by Wilks Brothers, LLC; decisions by securities regulators and/or the courts; default under the Company's credit facilities and/or both tranches of the Company's senior secured notes due to a breach of covenants therein; 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; 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.

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