Calfrac Announces First Quarter Results and Update on 2018 Capital Program

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CALGARY, May 1, 2018 /CNW/ - **Calfrac Well Services Ltd. ("Calfrac" or "the Company") (TSX-CFW)** announces its financial and operating results for the three months ended March 31, 2018.

HIGHLIGHTS

Three Months Ended March 31,	**2018**	2017	Change
(C$000s, except per share and unit data)	***($)***	*($)*	*(%)*
(unaudited)			
Financial			
Revenue	**582,838**	268,815	117
Operating income (loss)(1)	**67,974**	20,395	233
Per share – basic	**0.47**	0.15	213
Per share – diluted	**0.46**	0.15	207
Adjusted EBITDA(1)	**72,953**	21,584	238
Per share – basic	**0.51**	0.16	219
Per share – diluted	**0.50**	0.16	213
Net income (loss) attributable to the shareholders of Calfrac before foreign exchange gains or losses(2)	**1,905**	(21,659)	NM
Per share – basic	**0.01**	(0.16)	NM
Per share – diluted	**0.01**	(0.16)	NM
Net income (loss) attributable to the shareholders of Calfrac	**3,234**	(19,547)	NM
Per share – basic	**0.02**	(0.14)	NM
Per share – diluted	**0.02**	(0.14)	NM
Working capital (end of period)	**360,654**	278,818	29
Total equity (end of period)	**546,018**	485,452	12
Weighted average common shares outstanding (000s)			
Basic	**143,722**	136,558	5
Diluted	**146,624**	138,460	6

(1) Refer to "Non-GAAP Measures" on pages 16 and 17 for further information.

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

CEO MESSAGE

Calfrac's President and Chief Executive Officer, Fernando Aguilar commented on the results: "Calfrac delivered another quarter of strong results, driven by ongoing growth in our United States operations, which continues to benefit from strong commodity price levels as well as very supportive regulatory and fiscal environments. I would like to once again thank all of our dedicated employees for their efforts to deliver safe and efficient service to our clients, while managing costs prudently".

During the quarter, Calfrac:

- reactivated an eighth fleet in Canada, and reactivated a 16th fleet in the United States ahead of schedule;
- executed the redeployment of 30,000 previously idle horsepower from Canada to the United States. The Company expects to have 17 active fleets in the United States before the end of the current quarter; and

- subsequent to the end of the quarter, and based on the substantial improvement in operating and financial performance of the Company, Calfrac released $25.0 million previously held in a segregated account as a potential equity cure. The funds have been used to reduce borrowings under the Company's credit facilities.

CONSOLIDATED HIGHLIGHTS

Three Months Ended March 31,	**2018**	2017	Change
(C$000s, except operational information) (unaudited)	***($)***	*($)*	*(%)*
Revenue	**582,838**	268,815	117
Expenses			
Operating	**490,106**	237,675	106
Selling, general and administrative (SG&A)	**24,758**	10,745	130
	514,864	248,420	107
Operating income[1]	**67,974**	20,395	233
Operating income (%)	**11.7**	7.6	54
Adjusted EBITDA[1]	**72,953**	21,584	238
Adjusted EBITDA (%)	**12.5**	8.0	56
Fracturing revenue per job ($)	**36,783**	25,499	44
Number of fracturing jobs	**14,752**	9,264	59
Active pumping horsepower, end of period (000s)	**1,259**	727	73
Idle pumping horsepower, end of period (000s)	**134**	493	(73)
Total pumping horsepower, end of period (000s)	**1,393**	1,220	14
Coiled tubing revenue per job ($)	**33,283**	28,081	19
Number of coiled tubing jobs	**729**	725	1
Active coiled tubing units, end of period (#)	**22**	20	10
Idle coiled tubing units, end of period (#)	**8**	12	(33)
Total coiled tubing units, end of period (#)	**30**	32	(6)
Cementing revenue per job ($)	**37,728**	46,234	(18)
Number of cementing jobs	**69**	185	(63)
Active cementing units, end of period (#)	**12**	12	—
Idle cementing units, end of period (#)	**11**	13	(15)
Total cementing units, end of period (#)	**23**	25	(8)

[1] *Refer to "Non-GAAP Measures" on pages 16 and 17 for further information.*

Revenue in the first quarter of 2018 was $582.8 million, an increase of 117 percent from the same period in 2017. The Company's fracturing job count increased by 59 percent mainly due to a larger scale of operations and higher activity in Canada and the United States. During the quarter, Calfrac pumped over 580,000 tons of sand in the United States and 289,000 tons in Canada, representing 118 percent and 32 percent growth from the prior year, respectively. Consolidated revenue per fracturing job increased by 44 percent primarily due to a combination of better pricing, larger job sizes and job mix. The number of cementing jobs decreased by 63 percent due to lower cementing activity in northern Argentina combined with union strikes in southern Argentina.

Pricing in Canada and the United States increased while pricing in Russia was consistent with the first quarter of 2017. In Argentina, the transition to more unconventional activity does not allow for a meaningful pricing comparison to the first quarter in 2017 as the style of job is significantly different than conventional activity.

Adjusted EBITDA of $73.0 million for the first quarter of 2018 increased from $21.6 million in the comparable period in 2017 primarily due to significantly higher utilization in the United States and Canada offset partially by higher bonus expenses and reactivation costs in the first quarter of totalling $2.9 million, higher personnel costs, and higher stock-based compensation costs, which at $5.1 million were higher by $7.4 million versus the comparable quarter in 2017.

Net income attributable to shareholders of Calfrac was $3.2 million or $0.02 per share diluted compared to a net loss of $19.5 million or $0.14 per share diluted in the same period last year.

Three Months Ended	**March 31, 2018**	December 31, 2017	Change
(C$000s, except operational information) (unaudited)	***($)***	*($)*	*(%)*
Revenue	**582,838**	485,456	20
Expenses			
Operating	**490,106**	408,666	20
SG&A	**24,758**	32,001	(23)
	514,864	440,667	17
Operating income[1]	**67,974**	44,789	52
Operating income (%)	**11.7**	9.2	27
Adjusted EBITDA[1]	**72,953**	49,213	48
Adjusted EBITDA (%)	**12.5**	10.1	24
Fracturing revenue per job ($)	**36,783**	37,409	(2)
Number of fracturing jobs	**14,752**	11,925	24
Active pumping horsepower, end of period (000s)	**1,259**	1,115	13

Idle pumping horsepower, end of period (000s)	**134**	280	(52)
Total pumping horsepower, end of period (000s)	**1,393**	1,395	—
Coiled tubing revenue per job ($)	**33,283**	28,038	19
Number of coiled tubing jobs	**729**	872	(16)
Active coiled tubing units, end of period (#)	**22**	21	5
Idle coiled tubing units, end of period (#)	**8**	9	(11)
Total coiled tubing units, end of period (#)	**30**	30	—
Cementing revenue per job ($)	**37,728**	43,413	(13)
Number of cementing jobs	**69**	140	(51)
Active cementing units, end of period (#)	**12**	12	—
Idle cementing units, end of period (#)	**11**	11	—
Total cementing units, end of period (#)	**23**	23	—

(1) Refer to "Non-GAAP Measures" on pages 16 and 17 for further information.

Revenue in the first quarter of 2018 was $582.8 million, an increase of 20 percent from the fourth quarter of 2017, primarily due to higher activity in the United States and Canada. Revenue per fracturing job decreased by 2 percent due to job mix and customer mix in Canada. Pricing in all operating regions was largely consistent with the fourth quarter of 2017.

In Canada, first-quarter revenue increased by 39 percent from the fourth quarter to $189.7 million. After a slow start in January due to lingering cold weather, Calfrac's operation was running at near full capacity through much of the quarter. Operating income as a percentage of revenue was 17 percent versus 11 percent in the fourth quarter primarily due to higher equipment utilization, while the previous quarter included reactivation costs and higher bonus expenses during the fourth quarter of 2017.

In the United States, revenue in the first quarter of 2018 increased by 18 percent from the fourth quarter to $316.0 million, mainly as a result of the additional fleet that was reactivated early in the first quarter, plus two additional fleets that were activated towards the end of the quarter. The U.S. division's operating income margin decreased to 17 percent in the first quarter from 19 percent of revenue in the fourth quarter of 2017. The U.S. division experienced a number of periods of lower efficiency driven by weather and sand delivery issues in the first quarter. In addition to some lost time, the Company incurred a number of one-time expenses to help mitigate these logistical issues.

In Russia, revenue of $31.2 million in the first quarter of 2018 was 11 percent lower sequentially due to a reduction in fracturing activity in Noyabrsk with one of its key customers. The reversal to an operating loss position in the first quarter is fairly typical due to weather-related delays combined with higher input costs resulting from the switch to arctic fuel.

In Argentina, revenue and operating income was consistent sequentially at $45.9 million and negative $3.0 million, respectively.

BUSINESS UPDATE AND OUTLOOK

Calfrac's first-quarter results reflect continued growth in the Company's United States operations, combined with a relatively strong first quarter in Canada. Despite a number of well-publicized weather and logistical delays, Calfrac's Canadian operations performed as expected, a result of the Company's strategy of developing partnerships with the most efficient operators in the plays where it operates, complimented by an internal supply chain that maintained a supply of sand and chemicals throughout a challenging quarter due to rail network and weather issues across North America.

CANADA

In Canada, the first quarter began at a slower pace than expected due to lingering cold weather. However, activity increased throughout January and Calfrac's fracturing and coiled tubing operations were operating at near full capacity for most of the quarter. Although a number of issues impacted sand delivery into Western Canada, Calfrac's operations experienced very little non-productive time due to sand delays during the first quarter but the Company did incur higher transportation expenses due to not being able to source product from optimal terminals at times during the quarter. The Company did not realize any meaningful price increases during the first quarter, but did experience some escalation in input costs which will be managed as part of regular pricing discussions as contemplated in the Company's commercial agreements.

The Company transferred two large coiled tubing units from the United States in the first quarter to supplement existing capacity. The first unit was deployed in late March and the second unit is expected to commence operations during the third quarter. At present, the Company does not plan on expanding beyond its eight active fleets in Canada.

In early April, activity slowed considerably as compared to the first quarter, but the Company expects that equipment utilization will be relatively high in May and June, excluding any unanticipated impacts from road bans and adverse spring weather conditions.

A number of the Company's Canadian clients are expected to be very active throughout the remainder of the year, driven primarily by strong condensate and light oil economics which have continued to improve in 2018. However, a small portion of the Company's work volumes are focused on natural gas and any incremental reduction in spending from these companies could have an adverse impact on the Western Canadian oilfield services market. As always, Calfrac will remain focused on delivering safe and efficient service to its client base, and will respond prudently to any change in market conditions.

UNITED STATES

The United States showed sequential improvement in the first quarter as a result of fleet reactivations, aided by strong cost management and generally high equipment utilization. The Company reactivated three fleets during the quarter, with a 16th fleet being reactivated approximately two months ahead of schedule. However, overall efficiency was impacted by winter weather conditions in North Dakota and Pennsylvania combined with sand delivery issues in Texas, and higher expenses were incurred to mitigate these logistical issues.

Calfrac currently has 16 fleets operating in the United States and expects a 17th fleet to be deployed before the start of the third quarter, due in part to the previously announced redeployment of 30,000 idle horsepower from Canada during the first quarter. Calfrac will continue to examine the business case for further asset transfers within its North American portfolio.

Cost inflation in the United States continued in the first quarter, with products and trucking experiencing the largest increases. Calfrac's work in the United States is covered by agreements that provide regular opportunities to pass through cost increases to clients, and the Company manages this as part of the normal course of business.

Sand supply and delivery issues have largely abated through the early part of April, and the Company is confident that, absent any major weather or rail network events, it has the ability to source sufficient sand from its vendors to supply the operating needs of its clients.

With over 70 horizontal rigs added to the U.S. rig count since December, the Company's current view is that demand for its services will continue to increase through the coming quarters, resulting in ongoing tightness in the U.S. market.

RUSSIA

Calfrac's Russian operations experienced challenging operating conditions during the first quarter of 2018 which were due, in large part, to multiple changes in weather and ground conditions that impacted activity levels. While revenue increased from the prior year, the variability in activity adversely impacted equipment utilization and resulted in break-even operating income levels. Notwithstanding the weather-related impacts experienced in the first quarter, Calfrac expects that its financial performance in Russia during 2018 will be relatively consistent with 2017, before the impact of any foreign currency changes.

ARGENTINA

The completions market in Argentina continues to tighten as oil and gas producers increasingly shift activity toward higher intensity unconventional development in that country. The previously disclosed change in senior leadership is also expected to benefit the Company, with a more singular focus on efficiency and cost management that is critical to financial success when operating in unconventional basins.

CORPORATE

As Calfrac's North American fracturing asset base continues toward full reactivation, the focus at the corporate level will be the mitigation of risk through a number of efforts, including ongoing work to optimize all areas of our business.

Calfrac's Board of Directors has approved an increase to its 2018 capital budget of $23.0 million to $155.0 million, primarily to support the reactivation and redeployment of incremental idle fracturing assets from Canada to the United States.

FINANCIAL OVERVIEW – THREE MONTHS ENDED MARCH 31, 2018 VERSUS 2017

CANADA

Three Months Ended March 31,	**2018**	2017	Change
(C$000s, except operational information) (unaudited)	***($)***	*($)*	*(%)*
Revenue	**189,728**	111,018	71
Expenses			
Operating	**154,442**	96,452	60
SG&A	**3,576**	2,123	68
	158,018	98,575	60
Operating income[1]	**31,710**	12,443	155
Operating income (%)	**16.7**	11.2	49
Fracturing revenue per job ($)	**19,326**	16,400	18
Number of fracturing jobs	**8,930**	6,066	47
Active pumping horsepower, end of period (000s)	**322**	207	56
Idle pumping horsepower, end of period (000s)	**51**	185	(72)
Total pumping horsepower, end of period (000s)	**373**	392	(5)
Coiled tubing revenue per job ($)	**26,255**	21,088	25
Number of coiled tubing jobs	**495**	547	(10)
Active coiled tubing units, end of period (#)	**10**	8	25
Idle coiled tubing units, end of period (#)	**5**	5	—
Total coiled tubing units, end of period (#)	**15**	13	15

(1) Refer to "Non-GAAP Measures" on pages 16 and 17 for further information.

REVENUE

Revenue from Calfrac's Canadian operations during the first quarter of 2018 was $189.7 million versus $111.0 million in the same period of 2017. Completions activity in Canada during the first three months of 2018 improved when compared to the first quarter in 2017, which allowed the Company to reactivate equipment throughout 2017. Since the end of the first quarter of 2017, the Company reactivated 115,000 horsepower or two large fracturing crews and two deep coiled tubing units. Through a combination of this broader operating scale and significantly improved utilization and better pricing, the Company increased its revenue in the first quarter of 2018 by 71 percent from the comparative quarter in 2017. The number of fracturing jobs increased by 47 percent mainly due to a more active and efficient customer base versus the same period in 2017. The number of coiled tubing jobs decreased by 10 percent from the first quarter in 2017, primarily due to lower equipment utilization resulting from a slower start to the year.

OPERATING INCOME

Operating income in Canada during the first quarter of 2018 was $31.7 million compared to $12.4 million in the same period of 2017. The increase was due to significantly improved utilization and better pricing compared to the first quarter of 2017. The 17 percent operating income margin was negatively impacted by higher than expected third-party sand transportation costs, due primarily to temporary industry-wide logistical conditions that required the transportation of sand from outside Calfrac's optimal logistics network. Higher diesel fuel and rail transportation expenses also reduced operating income margins. The $1.5 million increase in SG&A expenses compared to the first quarter in 2017 was primarily due to the full reinstatement of compensation. Additionally, the Company allocated a greater proportion of its corporate SG&A costs to its operating divisions during the quarter, and the implementation of IFRS 9, as described in note 2 of the interim consolidated financial statements, resulted in a higher reported bad debt expense.

UNITED STATES

Three Months Ended March 31,	**2018**	2017	Change
(C$000s, except operational and exchange rate information) (unaudited)	***($)***	*($)*	*(%)*
Revenue	**315,980**	98,043	222
Expenses			
Operating	**257,606**	85,741	200
SG&A	**5,125**	2,303	123

	262,731	88,044	198
Operating income[1]	**53,249**	9,999	433
Operating income (%)	**16.9**	10.2	66
Fracturing revenue per job ($)	**59,348**	36,085	64
Number of fracturing jobs	**5,309**	2,717	95
Active pumping horsepower, end of period (000s)	**752**	319	136
Idle pumping horsepower, end of period (000s)	**83**	308	(73)
Total pumping horsepower, end of period (000s)	**835**	627	33
Active coiled tubing units, end of period (#)	**—**	—	—
Idle coiled tubing units, end of period (#)	**1**	5	(80)
Total coiled tubing units, end of period (#)	**1**	5	(80)
Active cementing units, end of period (#)	**—**	—	—
Idle cementing units, end of period (#)	**9**	11	(18)
Total cementing units, end of period (#)	**9**	11	(18)
US$/C$ average exchange rate[2]	**1.2647**	1.3238	(4)

[1] *Refer to "Non-GAAP Measures" on pages 16 and 17 for further information.*

[2] *Source: Bank of Canada.*

REVENUE

Revenue from Calfrac's United States operations increased to $316.0 million during the first quarter of 2018 from $98.0 million in the comparable quarter of 2017. Completions activity in the United States significantly improved year-over-year, which allowed the Company to reactivate equipment throughout 2017. The Company has successfully responded to the rebound in industry activity in the United States by activating 12 fracturing crews since the start of 2017, including one crew that began operating in Texas at the beginning of the quarter and one crew in each of Colorado and North Dakota, respectively, that began operating towards the end of the quarter. The result was a 95 percent increase in the number of fracturing jobs completed period-over-period. Revenue per job increased 64 percent year-over-year due to improved pricing combined with the impact of job mix as the Company's operations in Texas resulted in higher overall job sizes. The 4 percent depreciation in the U.S. dollar versus the Canadian dollar partially offset the increase in revenue.

OPERATING INCOME

The Company's United States operations generated operating income of $53.2 million during the first quarter of 2018 compared to $10.0 million in the same period in 2017. The significant increase was primarily the result of improved utilization and pricing in Colorado, North Dakota and Pennsylvania, as well as the addition of operations in Texas that did not commence until the third quarter of 2017. The operating income of 17 percent during the first quarter of 2018 was negatively impacted by market-driven logistical issues that resulted in higher than normal transportation and sand costs. In addition, operating results included $5.0 million of costs associated with the reactivation of one fleet during the first quarter of 2018. SG&A expenses increased by 123 percent in the first quarter of 2018 due to higher personnel costs combined with growth in business scale and increased activity. Additionally, the Company allocated a greater proportion of its corporate SG&A costs to its operating divisions during the quarter, and the implementation of IFRS 9, as described in note 2 of the interim consolidated financial statements, resulted in a higher reported bad debt expense.

RUSSIA

Three Months Ended March 31,	**2018**	2017	Change
(C$000s, except operational and exchange rate information) (unaudited)	***($)***	*($)*	*(%)*
Revenue	**31,235**	27,727	13
Expenses			
Operating	**31,317**	27,167	15
SG&A	**876**	685	28
	32,193	27,852	16
Operating loss[1]	**(958)**	(125)	666
Operating loss (%)	**(3.1)**	(0.5)	520
Fracturing revenue per job ($)	**87,710**	80,092	10
Number of fracturing jobs	**305**	297	3
Pumping horsepower, end of period (000s)	**77**	70	10
Coiled tubing revenue per job ($)	**37,678**	48,040	(22)
Number of coiled tubing jobs	**119**	82	45
Active coiled tubing units, end of period (#)	**6**	6	—
Idle coiled tubing units, end of period (#)	**1**	1	—
Total coiled tubing units, end of period (#)	**7**	7	—
Rouble/C$ average exchange rate[2]	**0.0222**	0.0226	(2)

[1] *Refer to "Non-GAAP Measures" on pages 16 and 17 for further information.*

[2] *Source: Bank of Canada.*

REVENUE

Revenue from Calfrac's Russian operations increased by 13 percent during the first quarter of 2018 to $31.2 million from $27.7 million in the corresponding three-month period of 2017. The increase in revenue was largely attributable to an increase in fracturing activity in Khanty-Mansiysk with a significant customer that the Company did not work for in the first quarter in 2017, offset partially by lower activity in Usinsk. Revenue per fracturing job increased by 10 percent primarily due to the impact of providing sand to a significant customer during the first quarter of 2018 and not in the comparable quarter. Coiled tubing activity increased by 45 percent, which was partially offset by lower revenue per job as a result of a change in customer mix.

OPERATING LOSS

Similar to the first quarter of 2017, the Company's Russian division operated at near break-even levels during the first quarter of 2018. The Company experienced weather-related delays that are typical in Western Siberia which deferred activity until later in the year. SG&A expenses were $0.2 million higher than the comparable quarter in 2017 primarily due to higher personnel costs.

ARGENTINA

Three Months Ended March 31,	**2018**	2017	Change
(C$000s, except operational and exchange rate information) (unaudited)	***($)***	*($)*	*(%)*
Revenue	**45,895**	32,027	43
Expenses			
Operating	**45,563**	27,325	67
SG&A	**3,350**	2,479	35
	48,913	29,804	64
Operating (loss) income[(1)]	**(3,018)**	2,223	NM
Operating (loss) income (%)	**(6.6)**	6.9	NM
Active pumping horsepower, end of period (000s)	**108**	131	(18)
Idle pumping horsepower, end of period (000s)	**—**	—	NM
Total pumping horsepower, end of period (000s)	**108**	131	(18)
Active cementing units, end of period (#)	**12**	12	—
Idle cementing units, end of period (#)	**2**	2	—
Total cementing units, end of period (#)	**14**	14	—
Active coiled tubing units, end of period (#)	**6**	6	—
Idle coiled tubing units, end of period (#)	**1**	1	—
Total coiled tubing units, end of period (#)	**7**	7	—
Argentinean peso/C$ average exchange rate[(2)]	**0.0643**	0.0845	(24)

(1) Refer to "Non-GAAP Measures" on pages 16 and 17 for further information.
(2) Source: Bank of Canada and Bloomberg.

REVENUE
Calfrac's Argentinean operations generated total revenue of $45.9 million during the first quarter of 2018 versus $32.0 million in the comparable three-month period in 2017. Revenue in Argentina was 43 percent higher than the comparable quarter primarily due to higher activity in the Vaca Muerta shale play. The increase in revenue was partially offset by lower cementing activity in northern Argentina combined with union strikes in southern Argentina. Coiled tubing revenue in Argentina increased year-over-year due to higher activity resulting from contracts with new customers during the first quarter of 2018.

OPERATING (LOSS) INCOME
The Company's operations in Argentina generated an operating loss of $3.0 million during the first quarter of 2018 compared to income of $2.2 million in the first quarter of 2017. Although the Company improved its revenue during the quarter, operating margins were negatively impacted by the continued transition to unconventional operations in Argentina. The Company also incurred higher maintenance and sand management costs than the comparable quarter in 2017, which contributed to the decrease in operating income. Additionally, there were a number of one-time costs recorded during the first quarter of 2018 including $0.8 million in restructuring charges, a $0.6 million inventory write-down and $0.2 million in bad debt expense.

CORPORATE

Three Months Ended March 31,	**2018**	2017	Change
(C$000s) (unaudited)	***($)***	*($)*	*(%)*
Expenses			
Operating	**1,178**	990	19
SG&A	**11,831**	3,155	275
	13,009	4,145	214
Operating loss[(1)]	**(13,009)**	(4,145)	214
% of Revenue	**2.2**	1.5	47

(1) Refer to "Non-GAAP Measures" on pages 16 and 17 for further information.

OPERATING LOSS
Corporate expenses for the first quarter of 2018 were $13.0 million compared to $4.1 million in the first quarter of 2017. Operating expenses were $0.2 million higher primarily due to higher personnel costs during the quarter. SG&A expenses increased by $8.7 million primarily due to a $7.4 million increase in stock-based compensation expense recorded during the quarter. The remaining increase related to the full reinstatement of compensation, offset partially by the allocation of costs that were attributed to the Company's operating divisions.

DEPRECIATION
For the three months ended March 31, 2018, depreciation expense increased by $6.3 million to $38.3 million in the corresponding quarter of 2017. The increase in depreciation was primarily due to the $76.3 million impairment reversal that was recorded during the fourth quarter of 2017 combined with capital expenditures related to the continued activation of fleets in North America during 2017 and 2018.

FOREIGN EXCHANGE GAINS AND LOSSES
The Company recorded a foreign exchange loss of $0.7 million during the first quarter of 2018 versus a gain of $3.7 million in the comparative three-month period of 2017. Foreign exchange gains and losses arise primarily from the translation of net monetary assets or liabilities that were held in U.S. dollars in Canada and Argentina, and liabilities held in Canadian dollars in Russia. The Company's foreign exchange loss for the first quarter of 2018 was largely attributable to the translation of U.S. dollar-denominated liabilities held in Argentina as the value of the Argentinean peso depreciated against the U.S. dollar during the first quarter. The loss was almost entirely offset by foreign exchange gains on U.S. dollar-denominated assets held in Canada.

INTEREST
The Company's net interest expense of $20.8 million for the first quarter of 2018 was $0.5 million lower than in the comparable period of 2017. This decrease was primarily due to the impact of a stronger Canadian dollar relative to the U.S. dollar, which resulted in lower reported interest on the Company's U.S. dollar-denominated unsecured notes offset partially by higher credit facility borrowings.

INCOME TAXES
The Company recorded an income tax recovery of $0.6 million during the first quarter of 2018 compared to a recovery of $10.8 million in the comparable period of 2017. The recovery position was the result of pre-tax losses incurred during the quarter in Russia and Argentina which partially offset positive income in Canada and the United States.

SUMMARY OF QUARTERLY RESULTS

Three Months Ended	Jun. 30, 2016	Sep. 30, 2016	Dec. 31, 2016	Mar. 31, 2017	Jun. 30, 2017	Sep. 30, 2017	Dec. 31, 2017	**Mar. 31, 2018**
(C$000s, except per share and operating data) (unaudited)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	***($)***
Financial								
Revenue	150,605	174,925	192,846	268,815	325,344	448,090	485,456	**582,838**
Operating income (loss)(1)	(15,898)	(12,392)	(18,291)	20,395	36,740	78,196	44,789	**67,974**
Per share – basic	(0.14)	(0.11)	(0.15)	0.15	0.27	0.57	0.32	**0.47**
Per share – diluted	(0.14)	(0.11)	(0.15)	0.15	0.27	0.57	0.31	**0.46**
Adjusted EBITDA(1)	(14,095)	(11,055)	(13,717)	21,584	39,913	81,113	49,213	**72,953**
Per share – basic	(0.12)	(0.10)	(0.11)	0.16	0.29	0.59	0.35	**0.51**
Per share – diluted	(0.12)	(0.10)	(0.11)	0.16	0.29	0.59	0.34	**0.50**
Net income (loss) attributable to the shareholders of Calfrac	(41,671)	(40,862)	(61,493)	(19,547)	(20,349)	7,822	38,013	**3,234**
Per share – basic	(0.36)	(0.35)	(0.51)	(0.14)	(0.15)	0.06	0.27	**0.02**
Per share – diluted	(0.36)	(0.35)	(0.51)	(0.14)	(0.15)	0.06	0.26	**0.02**
Capital expenditures	8,370	6,907	15,708	12,965	22,358	22,093	34,518	**51,334**
Working capital (end of period)	306,346	269,081	271,581	278,818	293,411	334,606	327,049	**360,654**
Total equity (end of period)	543,530	501,926	497,458	485,452	463,180	477,188	543,645	**546,018**
Operating (end of period)								
Active pumping horsepower (000s)	582	644	659	727	874	1,057	1,115	**1,259**
Idle pumping horsepower (000s)	640	578	563	493	443	338	280	**134**
Total pumping horsepower (000s)	1,222	1,222	1,222	1,220	1,317	1,395	1,395	**1,393**
Active coiled tubing units (#)	19	20	19	20	21	21	21	**22**
Idle coiled tubing units (#)	13	12	13	12	11	11	9	**8**
Total coiled tubing units (#)	32	32	32	32	32	32	30	**30**
Active cementing units (#)	14	14	14	12	12	12	12	**12**
Idle cementing units (#)	11	11	11	13	13	13	11	**11**
Total cementing units (#)	25	25	25	25	25	25	23	**23**

(1) *Refer to "Non-GAAP Measures" on pages 16 and 17 for further information.*

SEASONALITY OF OPERATIONS
The Company's North American business is seasonal. The lowest activity is typically experienced during the second quarter of the year when road weight restrictions are in place due to spring break-up weather conditions and access to well sites in Canada and North Dakota is reduced (refer to "Business Risks - Seasonality" in the 2017 Annual Report).

FOREIGN EXCHANGE FLUCTUATIONS
The Company's consolidated financial statements are reported in Canadian dollars. Accordingly, the quarterly results are directly affected by fluctuations in the exchange rates for United States, Russian and Argentinean currency (refer to "Business Risks - Foreign Exchange Fluctuations" in the 2017 Annual Report).

LIQUIDITY AND CAPITAL RESOURCES

	Three Months Ended Mar. 31, **2018**	2017
(C$000s) (unaudited)	***($)***	*($)*
Cash provided by (used in):		
Operating activities	**(8,233)**	(33,089)
Financing activities	**29,283**	14,535
Investing activities	**(47,307)**	(9,010)
Effect of exchange rate changes on cash and cash equivalents	**3,704**	3,437
Decrease in cash and cash equivalents	**(22,553)**	(24,127)

OPERATING ACTIVITIES
The Company's cash used by operating activities for the three months ended March 31, 2018 was $8.2 million versus $33.1 million during the first three months in 2017. The decrease in cash used by operations was primarily due to significantly improved operating results in Canada and the United States, offset by working capital requiring $72.8 million of cash in 2018 compared to working capital using $48.8 million of cash in the comparable period in 2017. At March 31, 2018, Calfrac's working capital was approximately $360.7 million compared to $327.0 million at December 31, 2017.

FINANCING ACTIVITIES

Net cash provided by financing activities for the three months ended March 31, 2018 was $29.3 million compared to $14.5 million in the first quarter of 2017. During the quarter ended March 31, 2018, the Company received net funds from borrowings of $29.5 million, received net proceeds of $0.5 million related to shares issued during the period and repaid $0.6 million of long-term debt.

On September 27, 2017, Calfrac amended and extended its credit facilities to June 1, 2020. The amendment included a voluntary reduction in the total facilities from $300.0 million to $275.0 million. The facilities consist of an operating facility of $27.5 million and a syndicated facility of $247.5 million. The Company's credit facilities mature on June 1, 2020 and can be extended by one or more years at the Company's request and lenders' acceptance. The Company also may prepay principal without penalty. The interest rates are based on the parameters of certain bank covenants. For prime-based loans and U.S. base-rate loans, the rate ranges from prime or U.S. base rate plus 0.50 percent to prime plus 2.50 percent. For LIBOR-based loans and bankers' acceptance-based loans, the margin thereon ranges from 1.50 percent to 3.50 percent above the respective base rates. The accordion feature of the syndicated facility remains at $200.0 million, and is available to the Company during the term of the agreement. The Company incurs interest at the high end of the ranges outlined above if its net Total Debt to Adjusted EBITDA ratio is above 5.00:1.00. Additionally, until such a time as the Company's net Total Debt to Adjusted EBITDA ratio is below 5.00:1.00, certain restrictions will apply including the following: (a) acquisitions will be subject to majority lender consent; (b) distributions will be restricted other than those relating to the Company's share unit plans, and no increase in the rate of dividends will be permitted; and (c) the Company will be prohibited from utilizing advances under the credit facilities to redeem or repay subordinated debt. As at March 31, 2018, the Company's net Total Debt to Adjusted EBITDA ratio, which excludes any benefit from the equity cure, was 4.24:1.00.

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

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

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

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

As at March 31, 2018, the Company had used $0.8 million of its credit facilities for letters of credit and had $55.0 million of borrowings under its credit facilities, leaving $219.2 million in available liquidity under its credit facilities. As described above, the Company's credit facilities are subject to a monthly borrowing base calculation which could result in a lower liquidity amount.

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

Working capital ratio not to fall below	**1.15x**
Funded Debt to Adjusted EBITDA not to exceed(1)(2)	**3.00x**
Funded Debt to Capitalization not to exceed(1)(3)	**0.30x**

(1) Funded Debt is defined as Total Debt excluding all outstanding senior unsecured notes and the second lien senior secured term loan facility. Total Debt includes bank loans and long-term debt (before unamortized debt issuance costs and debt discount) plus outstanding letters of credit. For the purposes of the Total Debt to Adjusted EBITDA ratio, the Funded Debt to Capitalization Ratio and the Funded Debt to Adjusted EBITDA ratio, the amount of Total Debt or Funded Debt, as applicable, is reduced by the amount of cash on hand with lenders (excluding any cash held in a segregated account for the purposes of a potential equity cure).

(2) Adjusted EBITDA is defined as net income or loss for the period adjusted for interest, taxes, depreciation and amortization, non-cash stock-based compensation, non-controlling interest relating to Colombia, and gains and losses that are extraordinary or non-recurring.

(3) Capitalization is Total Debt plus equity attributable to the shareholders of Calfrac.

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

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

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

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

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

On December 6, 2016, Calfrac closed a bought deal private placement of 21,055,000 common shares for net proceeds of approximately $56.6 million. On December 22, 2015, Calfrac closed a bought deal private placement of 20,370,370 common shares for net proceeds of approximately $25.2 million. $50.0 million of the net proceeds from these offerings were held in a segregated account pending an election to use them as an equity cure. On April 3, 2017, the Company elected to use the first of its two fully-funded $25.0 million equity cures effective as of the quarter ending on June 30, 2017. The September 2017 amendments to the credit facilities provided that the Company can utilize two equity cures during the term of the credit facilities subject to the conditions described above, and confirmed that the previously funded $25.0 million equity cure may continue to be held in a segregated account to be used as an equity cure if required at a future date. To utilize an equity cure, the Company must provide notice of any such election to the lending syndicate at any time prior to the filing of its quarterly financial statements for the applicable quarter on SEDAR. Throughout the period ending on June 30, 2020, amounts used as an equity cure will increase Adjusted EBITDA over the relevant twelve-month rolling period and will also serve to reduce Funded Debt. The funds that were removed from the segregated account and utilized as an equity cure for the quarter ending on June 30, 2017, as described above, were used for general working capital and corporate purposes. On April 30, 2018, the remaining $25.0 million was removed from the segregated account without being designated as an equity cure. This decision was based on the Company's Adjusted EBITDA performance during the most recent four quarters, combined with the supportive commodity price environment and current visibility on future activity. The funds will be used to reduce outstanding indebtedness.

As shown in the table below, at March 31, 2018, the Company was in compliance with the financial covenants associated with its credit facilities.

As at March 31,	Covenant 2018	**Actual 2018**
Working capital ratio not to fall below	1.15x	**2.13x**
Funded Debt to Adjusted EBITDA not to exceed	3.00x	**0.23x**
Funded Debt to Capitalization not to exceed	0.30x	**0.04x**

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

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

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

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

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

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

These limitations on restricted payments are tempered by the existence of a number of exceptions to the general prohibition, including a basket allowing for restricted payments in an aggregate amount of up to US$20.0 million. As at March 31, 2018 this basket was not utilized. The indenture also restricts the ability to incur additional indebtedness if the Fixed Charge Coverage Ratio determined on a pro forma basis for the most recently ended four fiscal quarter period for which internal financial statements are available is not at least 2:1. As is the case with restricted payments, there are a number of exceptions to this prohibition on the incurrence of additional indebtedness, including the incurrence of additional debt under credit facilities up to the greater of $175.0 million or 30 percent of the Company's consolidated tangible assets.

As at March 31, 2018, the Company's Fixed Charge Coverage Ratio of 2.86:1 was higher than the required 2:1 ratio so the aforementioned prohibitions will not be applicable as long as the Company remains above this ratio.

On June 10, 2016, the Company closed a $200.0 million second lien senior secured term loan financing with Alberta Investment Management Corporation (AIMCo). The term loan matures on September 30, 2020 and bears interest at the rate of 9 percent annually and is payable quarterly. In addition, amortization payments equal to 1 percent of the original principal amount are payable annually in equal quarterly installments, with the balance due on the maturity date. In conjunction with the funding of the term loan, a total of 6,934,776 warrants to purchase common shares of the Company were issued to AIMCo, entitling it to acquire 6,934,776 common shares at a price of $4.14 per common share at any time prior to June 10, 2019. No amendments were made to the available commitment, term, covenants or interest rates payable under Calfrac's existing credit facilities as part of the required approvals for the term loan. On November 6, 2017, AIMCo exercised all of its warrants resulting in cash proceeds of $28.7 million. The proceeds were used to reduce borrowings under the Company's credit facilities.

INVESTING ACTIVITIES

Calfrac's net cash used for investing activities was $47.3 million for the three months ended March 31, 2018 versus $9.0 million in the comparable period in 2017. Cash outflows relating to capital expenditures were $49.2 million in 2018 compared to $10.4 million in 2017. Capital expenditures were primarily to support the Company's North American fracturing operations. The Company disposed of assets during the quarter for proceeds of $1.9 million compared to $1.4 million in the comparable quarter in 2017.

Calfrac's Board of Directors has approved an increase in its 2018 capital budget from $132.0 million to $155.0 million. The incremental capital expenditures will be primarily to support the reactivation and redeployment of incremental idle fracturing assets from Canada to the United States. The continued increase in activity and demand for the Company's equipment has resulted in higher maintenance capital requirements for its larger fleet of equipment operating in the United States due to a combination of an accelerated activation schedule and a higher number of fleet activations than were initially planned.

EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS

The effect of changes in foreign exchange rates on the Company's cash and cash equivalents during the three months ended March 31, 2018 was a gain of $3.7 million versus a gain of $3.4 million in the comparable period in 2017. These gains relate to cash and cash equivalents held by the Company in a foreign currency.

With its working capital position, available credit facilities and anticipated funds provided by operations, the Company expects to have adequate resources to fund its financial obligations and planned capital expenditures for 2018 and beyond.

At March 31, 2018, the Company had cash and cash equivalents of $30.2 million, of which $25.0 million was held in a segregated account at the Company's discretion, so that it may be utilized as an equity cure if required in the calculation of Adjusted EBITDA for purposes of the Company's bank covenants. On April 30, 2018, the remaining $25.0 million was removed from the segregated account without being designated as an equity cure. The funds will be used to reduce outstanding indebtedness.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares. Employees have been granted both performance share units as well as options to purchase common shares under the Company's shareholder-approved equity compensation plans. The number of shares reserved for issuance under the plans is equal to 10 percent of the Company's issued and outstanding common shares. As at April 25, 2018, there were 143,963,741 common shares issued and outstanding, 311,674 equity performance share units issued and outstanding and 10,504,744 options to purchase common shares.

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 press release, including statements that contain words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "forecast" or similar words suggesting future outcomes, are forward-looking statements.

In particular, forward-looking statements in this press release include, but are not limited to, statements with respect to expected operating strategies and targets, capital expenditure programs, future financial resources, use of funds held in the Company's segregated bank account (as an equity cure or otherwise), anticipated equipment utilization levels, future oil and natural gas well activity in each of the Company's operating jurisdictions, results of acquisitions, the impact of environmental regulations and economic reforms and sanctions on the Company's business, future costs or potential liabilities, projections of market prices and costs, supply and demand for oilfield services, expectations regarding the Company's ability to maintain its competitive position, anticipated benefits of the Company's competitive position, expectations regarding the Company's financing activities and restrictions including with regard to its credit agreement and the indenture pursuant to which its senior notes were issued and its ability to raise capital, treatment under government regulatory regimes, commodity prices, anticipated outcomes of specific events (including exposure under existing legal proceedings), expectations regarding trends in, and the growth prospects of, the global oil and natural gas industry, the Company's growth strategy and prospects, and the impact of changes in accounting policies and standards on the Company and its financial statements. These statements are derived from certain assumptions and analyses made by the Company based on its experience and perception of historical trends, current conditions, expected future developments and other factors that it believes are appropriate in the circumstances, including, but not limited to, the economic and political environment in which the Company operates, the Company's expectations for its current and prospective customers' capital budgets and geographical areas of focus, the Company's existing contracts and the status of current negotiations with key customers and suppliers, the focus of the Company's customers on increasing the use of 24-hour operations in North America, the effectiveness of cost reduction measures instituted by the Company, the effect unconventional gas projects have had on supply and demand fundamentals for natural gas and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

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

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

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.

NON-GAAP MEASURES
Certain supplementary measures presented in this press release do not have any standardized meaning under IFRS and, because IFRS have been incorporated as Canadian generally accepted accounting principles (GAAP), these supplementary measures are also non-GAAP measures. These measures have been described and presented in order to provide shareholders and potential investors with additional information regarding the Company's financial results, liquidity and ability to generate funds to finance its operations. These measures may not be comparable to similar measures presented by other entities, and are explained below.

Operating income (loss) is defined as net income (loss) before depreciation, foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, interest, and income taxes. Management believes that operating income is a useful supplemental measure as it provides an indication of the financial results generated by Calfrac's business segments prior to consideration of how these segments are financed or taxed. In addition, management believes this measure allows investors to more accurately compare the Company's performance with its peers by providing an indication of its financial results prior to consideration of the age or size of its asset base, or the investment and accounting policies associated with its assets. Operating income (loss) for the period was calculated as follows:

Three Months Ended March 31,	**2018**	2017
(C$000s) *(unaudited)*	***($)***	*($)*
Net income (loss)	**1,096**	(19,593)
Add back (deduct):		
Depreciation	**38,281**	31,955
Foreign exchange losses (gains)	**678**	(3,686)
Loss on disposal of property, plant and equipment	**7,773**	1,277

Interest	**20,754**	21,253
Income taxes	**(608)**	(10,811)
Operating income	**67,974**	20,395

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

Three Months Ended March 31,	**2018**	2017
(C$000s)		
(unaudited)		
Net income (loss)	**1,096**	(19,593)
Add back (deduct):		
Depreciation	**38,281**	31,955
Unrealized foreign exchange losses (gains)	**1,041**	(3,609)
Loss on disposal of property, plant and equipment	**7,773**	1,277
Impairment of inventory	**579**	—
Provision for settlement of litigation	—	(139)
Restructuring charges	**768**	181
Stock-based compensation	**1,131**	1,024
Losses attributable to non-controlling interest	**2,138**	46
Interest	**20,754**	21,253
Income taxes	**(608)**	(10,811)
Adjusted EBITDA	**72,953**	21,584

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.

FIRST QUARTER CONFERENCE CALL

Calfrac will be conducting a conference call for interested analysts, brokers, investors and news media representatives to review its 2018 first-quarter results at 10:00 a.m. (Mountain Time) on Tuesday, May 1, 2018. The conference call dial-in number is 1-888-231-8191 or 647-427-7450. The seven-day replay numbers are 1-855-859-2056 or 416-849-0833 (once connected, enter 3079057). A webcast of the conference call may be accessed via the Company's website at www.calfrac.com.

CONSOLIDATED BALANCE SHEETS

	March 31, 2018	December 31, 2017
(C$000s) (unaudited)	***($)***	*($)*
ASSETS		
Current assets		
Cash and cash equivalents (note 1)	**30,196**	52,749
Accounts receivable	**479,829**	359,955
Income taxes recoverable	**1,934**	1,759
Inventories	**156,672**	145,072
Prepaid expenses and deposits	**14,903**	16,803
	683,534	576,338
Non-current assets		
Property, plant and equipment	**1,135,513**	1,114,685
Deferred income tax assets	**87,892**	86,943
Total assets	**1,906,939**	1,777,966
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**320,653**	246,943
Current portion of long-term debt (note 2)	**2,048**	2,169
Current portion of finance lease obligations	**179**	177
	322,880	249,289
Non-current liabilities		
Long-term debt (note 2)	**1,010,055**	958,825
Finance lease obligations	**692**	737
Deferred income tax liabilities	**27,294**	25,470
Total liabilities	**1,360,921**	1,234,321
Equity attributable to the shareholders of Calfrac		
Capital stock (note 3)	**502,083**	501,456
Contributed surplus	**36,067**	35,094
Loan receivable for purchase of common shares	**(2,500)**	(2,500)
Retained earnings	**24,502**	21,268
Accumulated other comprehensive income	**2,396**	2,728
	562,548	558,046
Non-controlling interest	**(16,530)**	(14,401)
Total equity	**546,018**	543,645
Total liabilities and equity	**1,906,939**	1,777,966

Contingencies (note 6)
See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

Three Months Ended March 31,	**2018**	2017
(C$000s, except per share data) (unaudited)	***($)***	*($)*
Revenue	**582,838**	268,815
Cost of sales	**528,387**	269,630
Gross profit (loss)	**54,451**	(815)
Expenses		
Selling, general and administrative	**24,758**	10,745
Foreign exchange losses (gains)	**678**	(3,686)
Loss on disposal of property, plant and equipment	**7,773**	1,277
Interest	**20,754**	21,253
	53,963	29,589
Income (loss) before income tax	**488**	(30,404)
Income tax expense (recovery)		
Current	**250**	836
Deferred	**(858)**	(11,647)
	(608)	(10,811)
Net income (loss)	**1,096**	(19,593)
Net income (loss) attributable to:		
Shareholders of Calfrac	**3,234**	(19,547)
Non-controlling interest	**(2,138)**	(46)
	1,096	(19,593)
Earnings (loss) per share (note 3)		
Basic	**0.02**	(0.14)
Diluted	**0.02**	(0.14)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Three Months Ended March 31,	**2018**	2017
(C$000s) (unaudited)	***($)***	*($)*
Net income (loss)	**1,096**	(19,593)
Other comprehensive income (loss)		
Items that may be subsequently reclassified to profit or loss:		
Change in foreign currency translation adjustment	**(323)**	6,302
Comprehensive income (loss)	**773**	(13,291)
Comprehensive income (loss) attributable to:		
Shareholders of Calfrac	**2,902**	(13,237)
Non-controlling interest	**(2,129)**	(54)
	773	(13,291)

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 – Jan. 1, 2018	**501,456**	**35,094**	**(2,500)**	**2,728**	**21,268**	**558,046**	**(14,401)**	**543,645**
Net income (loss)	—	—	—	—	3,234	3,234	(2,138)	**1,096**
Other comprehensive income (loss):								
Cumulative translation adjustment	—	—	—	(332)	—	(332)	9	**(323)**
Comprehensive income (loss)	—	—	—	(332)	3,234	2,902	(2,129)	**773**
Stock options:								
Stock-based compensation recognized (note 4)	—	1,056	—	—	—	1,056	—	**1,056**
Proceeds from issuance of shares	627	(158)	—	—	–	469	—	**469**
Performance share units:								
Stock-based compensation recognized (note 4)	—	75	—	—	—	75	—	**75**
Balance – Mar. 31, 2018	**502,083**	**36,067**	**(2,500)**	**2,396**	**24,502**	**562,548**	**(16,530)**	**546,018**
Balance – Jan. 1, 2017	466,445	36,040	(2,500)	(8,736)	15,329	506,578	(9,120)	497,458
Net loss	—	—	—	—	(19,547)	(19,547)	(46)	(19,593)
Other comprehensive income (loss):								

Cumulative translation adjustment	—	—	—	6,310	—	6,310	(8)	6,302
Comprehensive income (loss)	—	—	—	6,310	(19,547)	(13,237)	(54)	(13,291)
Stock options:								
Stock-based compensation recognized (note 4)	—	1,024	—	—	—	1,024	—	1,024
Proceeds from issuance of shares	332	(71)	—	—	—	261	—	261
Balance – Mar. 31, 2017	466,777	36,993	(2,500)	(2,426)	(4,218)	494,626	(9,174)	485,452

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended March 31, (C$000s) (unaudited)	**2018 ($)**	2017 ($)
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net income (loss)	**1,096**	(19,593)
Adjusted for the following:		
Depreciation	**38,281**	31,955
Stock-based compensation	**1,131**	1,024
Unrealized foreign exchange losses (gains)	**1,041**	(3,609)
Loss on disposal of property, plant and equipment	**7,773**	1,277
Interest	**20,754**	21,253
Interest paid	**(4,614)**	(4,920)
Deferred income taxes	**(858)**	(11,647)
Changes in items of working capital	**(72,837)**	(48,829)
Cash flows used in operating activities	**(8,233)**	(33,089)
FINANCING ACTIVITIES		
Issuance of long-term debt, net of debt issuance costs	**29,481**	15,000
Long-term debt repayments	**(624)**	(627)
Finance lease obligation repayments	**(43)**	(99)
Proceeds on issuance of common shares	**469**	261
Cash flows provided by financing activities	**29,283**	14,535
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(49,221)**	(10,383)
Proceeds on disposal of property, plant and equipment	**1,921**	1,373
Other	**(7)**	—
Cash flows used in investing activities	**(47,307)**	(9,010)
Effect of exchange rate changes on cash and cash equivalents	**3,704**	3,437
Decrease in cash and cash equivalents	**(22,553)**	(24,127)
Cash and cash equivalents, beginning of period	**52,749**	109,917
Cash and cash equivalents, end of period (note 1)	**30,196**	85,790

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2018 and 2017

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

1. CASH AND CASH EQUIVALENTS

During 2016, the Company received net proceeds of $56,636 from a private placement offering of 21,055,000 common shares for total gross proceeds of $60,007. Share issuance costs for the transaction were $3,371, resulting in net proceeds of $56,636.

Prior to April 3, 2017, $50,000 of the net proceeds from the private placement was held in a segregated account. These funds are available for use at the Company's discretion and can be transferred to its operating bank account at any time. The Company can also elect to use the proceeds as an equity cure. When the proceeds are utilized as an equity cure, the funds are transferred to the Company's operating bank account and are available for use at the Company's discretion. In addition, the proceeds are applied as a reduction of Funded Debt and are included in the calculation of EBITDA for purposes of the Company's Funded Debt to EBITDA bank covenant.

On April 3, 2017, the Company elected to use the first of its two fully-funded $25,000 equity cures effective as of the quarter ending on June 30, 2017. As at March 31, 2018, $25,000 remained in a segregated account and was available for use as an equity cure. On April 30, 2018, the remaining $25,000 was removed from the segregated account without being designated as an equity cure.

2. LONG-TERM DEBT

(C$000s)	**March 31, 2018 ($)**	December 31, 2017 ($)
US$600,000 senior unsecured notes due December 1, 2020, bearing interest at 7.50% payable semi-annually	**773,640**	752,700
$200,000 second lien senior secured term loan facility due September 30, 2020, bearing interest at 9% payable quarterly, secured by the Canadian and U.S. assets of the Company on a second priority basis	**196,500**	197,000
$247,500 extendible revolving term loan facility, secured by Canadian and U.S. assets of the Company	**55,000**	25,000
Less: unamortized debt issuance costs	**(13,085)**	(13,875)
	1,012,055	960,825
US$37 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	**48**	169
	1,012,103	960,994
Less: current portion of long-term debt	**(2,048)**	(2,169)

	1,010,055	958,825

The fair value of the senior unsecured notes, as measured based on the closing quoted market price at March 31, 2018, was $763,954 (December 31, 2017 – $743,111). The carrying values of the mortgage obligation, revolving term loan facilities and the second lien term loan approximate their fair values as the interest rates are not significantly different from current interest rates for similar loans.

On September 27, 2017, the Company amended and extended its credit facilities to June 1, 2020. The amendment included a voluntary reduction in the total facilities from $300,000 to $275,000. The facilities consist of an operating facility of $27,500 and a revolving term loan facility of $247,500. The Company's credit facilities mature on June 1, 2020 and can be extended by one or more years at the Company's request and lenders' acceptance. The Company also may prepay principal without penalty. The interest rates are based on the parameters of certain bank covenants. For prime-based loans and U.S. base-rate loans, the rate ranges from prime or U.S. base rate plus 0.50 percent to prime plus 2.50 percent. For LIBOR-based loans and bankers' acceptance-based loans, the margin thereon ranges from 1.50 percent to 3.50 percent above the respective base rates. The facility maintains its accordion feature at $200,000, which is available to the Company during the term of the agreement. The Company will incur interest at the high end of the ranges outlined above until its net Total Debt to Adjusted EBITDA ratio is below 5.00:1.00. Additionally, until such a time as the Company's net Total Debt to Adjusted EBITDA ratio is below 5.00:1.00, certain restrictions will apply including the following: (a) acquisitions will be subject to majority lender consent; (b) distributions will be restricted other than those relating to the Company's share unit plans, and no increase in the rate of dividends will be permitted; and (c) the Company will be prohibited from utilizing advances under the credit facilities to redeem or repay subordinated debt. As at March 31, 2018, the Company's net Total Debt to Adjusted EBITDA ratio, which excludes any benefit from the equity cure, was 4.24:1.00.

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

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

Interest on long-term debt (including the amortization of debt issuance costs and debt discount) for the three months ended March 31, 2018 was $20,690 (three months ended March 31, 2017 – $21,343).

The following table sets out an analysis of long-term debt and the movements in long-term debt for the periods presented:

	2018
(C$000s)	*($)*
Balance, January 1	960,994
Issuance of long-term debt, net of debt issuance costs	29,481
Long-term debt repayments	(624)
Amortization of debt issuance costs and debt discount	1,454
Foreign exchange adjustments	20,798
Balance, March 31	1,012,103

At March 31, 2018, the Company had utilized $838 of its loan facility for letters of credit and had $55,000 outstanding under its revolving term loan facility, leaving $219,162 in available credit, subject to a monthly borrowing base calculation, which could result in a lower amount of available credit.

See note 5 for further details on the covenants in respect of the Company's long-term debt.

3. CAPITAL STOCK

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

	Three Months Ended March 31, 2018		Year Ended, December 31, 2017	
Continuity of Common Shares	**Shares**	**Amount**	Shares	Amount
	(#)	***($000s)***	*(#)*	*($000s)*
Balance, beginning of period	**143,755,741**	**501,456**	136,634,590	466,445
Issued upon exercise of stock options	**172,950**	**627**	186,375	472
Issued upon exercise of warrants (note 4)	**—**	**—**	6,934,776	34,539
Balance, end of period	**143,928,691**	**502,083**	143,755,741	501,456

The weighted average number of common shares outstanding for the three months ended March 31, 2018 was 143,722,349 basic and 146,623,676 diluted (three months ended March 31, 2017 – 136,557,951 basic and 138,460,075 diluted). The difference between basic and diluted shares is attributable to the dilutive effect of stock options and warrants issued by the Company as disclosed in note 4.

4. SHARE-BASED PAYMENTS

(a) Stock Options

Three Months Ended March 31,		**2018**		2017
Continuity of Stock Options	**Options**	**Average Exercise Price**	Options	Average Exercise Price
	(#)	***($)***	*(#)*	*($)*
Balance, January 1	**9,616,173**	**5.30**	7,246,386	6.62
Granted during the period	**1,356,150**	**5.78**	3,968,900	4.81
Exercised for common shares	**(172,950)**	**2.71**	(131,400)	1.99
Forfeited	**(207,248)**	**5.06**	(536,661)	8.71
Expired	**(95,250)**	**12.56**	(32,000)	15.31

Balance, March 31	**10,496,875**	**5.34**	10,515,225	5.86

Stock options vest equally over three to four years and expire five years from the date of grant. The exercise price of outstanding options range from $1.34 to $20.81 with a weighted average remaining life of 3.14 years. When stock options are exercised, the proceeds together with the compensation expense previously recorded in contributed surplus, are added to capital stock.

The weighted average fair value of options granted during 2018, determined using the Black-Scholes valuation method, was $2.54 per option (three months ended March 31, 2017 – $2.14 per option). The Company applied the following assumptions in determining the fair value of options on the date of grant:

Three Months Ended March 31,	**2018**	2017
Expected life (years)	**3.00**	3.50
Expected volatility	**64.72%**	63.72%
Risk-free interest rate	**1.82%**	0.94%
Expected dividends	**$0.00**	$0.00

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

(b) Share Units

Three Months Ended March 31,		**2018**			2017	
Continuity of Stock Units	**Deferred Share Units**	**Performance Share Units**	**Restricted Share Units**	Deferred Share Units	Performance Share Units	Restricted Share Units
	(#)	***(#)***	***(#)***	*(#)*	*(#)*	*(#)*
Balance, January 1	**145,000**	**683,665**	**4,275,183**	145,000	639,330	2,757,850
Granted during the period	**145,000**	**737,200**	**—**	145,000	124,000	2,306,900
Exercised	**(145,000)**	**—**	**(876,683)**	(145,000)	—	—
Forfeited	**—**	**(10,000)**	**(76,300)**	—	(79,665)	(510,834)
Balance, March 31	**145,000**	**1,410,865**	**3,322,200**	145,000	683,665	4,553,916

Three Months Ended March 31,	**2018**	2017
	($)	*($)*
Expense (recovery) from:		
Stock options	**1,056**	1,024
Deferred share units	**250**	160
Performance share units	**718**	(995)
Restricted share units	**3,067**	(2,468)
Total stock-based compensation expense	**5,091**	(2,279)

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

The Company grants deferred share units to its outside directors. These units vest in November of the year of grant and are settled either in cash (equal to the market value of the underlying shares at the time of exercise) or in Company shares purchased on the open market. The fair value of the deferred share units is recognized equally over the vesting period, based on the current market price of the Company's shares. At March 31, 2018, the liability pertaining to deferred share units was $214 (December 31, 2017 – $867).

The Company grants performance share units to a senior officer. The amount of the grants earned is linked to corporate performance and the grants vest on the approval of the Board of Directors at the meeting held to approve the consolidated financial statements for the year in respect of which performance is being evaluated. As with the deferred share units, performance share units are settled either in cash or Company shares purchased on the open market. At March 31, 2018, the liability pertaining to performance share units was $1,827 (December 31, 2017 – $1,389).

In 2018, the Company expanded its performance share unit plan to its employees. These performance share units contain a cash-based component and an equity-based component. The cash-based component vests over three years based on corporate financial performance thresholds and are settled either in cash (equal to the market value of the underlying shares at the time of vesting) or in Company shares purchased on the open market. The equity-based component vests over three years without any further conditions and are settled in treasury shares issued by the Company. At March 31, 2018, the liability pertaining to the cash-based component of performance share units was $204 (December 31, 2017 – $nil).

Prior to 2018, the Company granted restricted share units to its employees. These units vest over three years and are settled either in cash (equal to the market value of the underlying shares at the time of exercise) or in Company shares purchased on the open market. The fair value of the restricted share units is recognized over the vesting period, based on the current market price of the Company's shares. At March 31, 2018, the liability pertaining to restricted share units was $3,129 (December 31, 2017 – $5,096).

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

(c) Warrants

In conjunction with the second lien senior secured term loan facility as disclosed in note 2, 6,934,776 warrants to purchase common shares of the Company were issued during 2016, entitling the holder to acquire up to 6,934,776 common shares at a price of $4.14 per common share. On November 6, 2017, all the warrants were exercised, for total proceeds of $28,709.

5. CAPITAL STRUCTURE

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

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

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

For the Twelve Months Ended	**March 31, 2018**	December 31, 2017
(C$000s)	***($)***	*($)*
Net income	**21,275**	586
Adjusted for the following:		
Depreciation	**137,119**	130,793
Reversal of impairment of property, plant and equipment	**(76,296)**	(76,296)
Foreign exchange losses	**38,637**	34,273
Loss on disposal of property, plant and equipment	**19,535**	13,039
Interest	**84,951**	85,450
Income taxes	**2,478**	(7,725)
Operating income	**227,699**	180,120

Net debt for this purpose is calculated as follows:

As at	**March 31, 2018**	December 31, 2017
(C$000s)	***($)***	*($)*
Long-term debt, net of debt issuance costs and debt discount (note 2)	**1,012,103**	960,994
Finance lease obligations	**871**	914
Less: cash and cash equivalents	**(30,196)**	(52,749)
Net debt	**982,778**	909,159

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

At March 31, 2018, the net debt to operating income ratio was 4.32:1 (December 31, 2017 – 5.05:1) calculated on a 12-month trailing basis as follows:

For the Twelve Months Ended	**March 31, 2018**	December 31, 2017
(C$000s, except ratio)	***($)***	*($)*
Net debt	**982,778**	909,159
Operating income	**227,699**	180,120
Net debt to operating income ratio	**4.32:1**	5.05:1

The Company is subject to certain financial covenants relating to working capital, leverage and the generation of cash flow in respect of its operating and revolving credit facilities. These covenants are monitored on a monthly basis. At March 31, 2018 and December 31, 2017, the Company was in compliance with its covenants with respect to its credit facilities.

Working capital ratio not to fall below	**1.15x**
Funded Debt to Adjusted EBITDA not to exceed(1)(2)	**3.00x**
Funded Debt to Capitalization not to exceed(1)(3)	**0.30x**

(1) *Funded Debt is defined as Total Debt excluding all outstanding senior unsecured notes and the second lien senior secured term loan facility. Total Debt includes bank loans and long-term debt (before unamortized debt issuance costs and debt discount) plus outstanding letters of credit. For the purposes of the Total Debt to Adjusted EBITDA ratio, the Funded Debt to Capitalization Ratio and the Funded Debt to Adjusted EBITDA ratio, the amount of Total Debt or Funded Debt, as applicable, is reduced by the amount of cash on hand with lenders (excluding any cash held in a segregated account for the purposes of a potential equity cure).*

(2) *Adjusted EBITDA is defined as net income or loss for the period adjusted for interest, taxes, depreciation and amortization, non-cash stock-based compensation, non-controlling interest relating to Colombia, and gains and losses that are extraordinary or non-recurring.*

(3) *Capitalization is Total Debt plus equity attributable to the shareholders of Calfrac.*

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

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

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

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

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

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

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

ii. the Company is not meeting the Fixed Charge Coverage Ratio[1] under the indenture of at least 2:1 for the most recent four fiscal quarters; or

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

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

These limitations on restricted payments are tempered by the existence of a number of exceptions to the general prohibition, including a basket allowing for restricted payments in an aggregate amount of up to US$20,000. As at March 31, 2018, this basket was not utilized.

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

As at March 31, 2018, the Company's Fixed Charge Coverage Ratio of 2.86:1 was higher than the required 2:1 ratio and the aforementioned prohibitions will not be applicable as long as the Company remains above this ratio.

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

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

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

iii. the maximum proceeds of each common share issuance permitted to be attributed to Adjusted EBITDA cannot exceed the greater of 50 percent of Adjusted EBITDA on a rolling four-quarter basis and $25,000; and

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

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

On April 3, 2017, the Company elected to use the first of its two fully-funded $25,000 equity cures effective as of the quarter ending on June 30, 2017. As at March 31, 2018, $25,000 remained in a segregated account and can be used as an equity cure should the Company so elect. On April 30, 2018, the remaining $25,000 was removed from the segregated account without being designated as an equity cure.

6. CONTINGENCIES

GREEK LITIGATION

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

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

In 1999, the largest group of plaintiffs received a ruling from the Athens Court of First Instance that their termination was invalid and that salaries in arrears amounting to approximately $10,863 (6,846 euros) plus interest were due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. The said group of former employees filed an appeal with the Supreme Court of Greece, which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered in June 2010. As a result of Denison's participation in the consortium that was named in the lawsuit, the Company has been served with three separate payment orders, one on March 24, 2015 and two others on December 29, 2015. The Company was also served with an enforcement order on November 23, 2015. Oppositions have been filed on behalf of the Company in respect of each of these orders which oppose the orders on the basis that they were improperly issued and are barred from a statute of limitations perspective. The salaries in arrears sought to be recovered through these orders are part of the $10,863 (6,846 euros) cited above and the interest being sought in respect of these orders is part of the $28,183 (17,762 euros) cited below. Provisional orders granting a temporary suspension of any enforcement proceedings have been granted in respect of all of the orders that have been served. The order served on March 24, 2015 was heard on November 24, 2015 and a decision was issued on November 25, 2016 accepting the Company's opposition on the basis that no lawful service of Judgment No 4528/2008 had taken place until the filing of the opponents' petition and/or the issuance of the payment order. The plaintiffs have filed an appeal against the above decision which has been scheduled to be heard on October 16, 2018. A hearing in respect of the order served on November 23, 2015 was adjourned until October 31, 2018. A hearing in respect of the orders served in December of 2015 scheduled for September 20, 2016 was adjourned until November 21, 2016 and two decisions were issued on January 9, 2017 accepting the Company's oppositions on a statute of limitations basis. The plaintiffs have filed appeals against the above decisions, which are scheduled to be heard on October 16, 2018.

NAPC is also the subject of a claim for approximately $4,541 (2,862 euros) plus associated penalties and interest from the Greek social security agency for social security obligations associated with the salaries in arrears that are the subject of the above-mentioned decision.

The maximum aggregate interest and penalties payable under the claims noted above, as well as three other immaterial claims against NAPC totaling $917 (578 euros), amounted to $28,183 (17,762 euros) as at March 31, 2018.

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

7. SEGMENTED INFORMATION

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

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

	Canada	**United States**	**Russia**	**Argentina**	**Corporate**	**Consolidated**
(C$000s)	***($)***	***($)***	***($)***	***($)***	***($)***	***($)***
Three Months Ended March 31, 2018						
Revenue	**189,728**	**315,980**	**31,235**	**45,895**	**—**	**582,838**
Operating income (loss)[(1)]	**31,710**	**53,249**	**(958)**	**(3,018)**	**(13,009)**	**67,974**
Segmented assets	**649,582**	**970,698**	**117,662**	**168,997**	**—**	**1,906,939**
Capital expenditures	**12,122**	**37,582**	**69**	**1,561**	**—**	**51,334**
Three Months Ended March 31, 2017						
Revenue	111,018	98,043	27,727	32,027	—	268,815
Operating income (loss)[(1)]	12,443	9,999	(125)	2,223	(4,145)	20,395
Segmented assets	632,729	742,579	115,309	159,488	—	1,650,105
Capital expenditures	4,139	7,687	149	990	—	12,965

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

Three Months Ended March 31,	**2018**	2017
(C$000s)	***($)***	*($)*
Net income (loss)	**1,096**	(19,593)
Add back (deduct):		
Depreciation	**38,281**	31,955
Foreign exchange losses (gains)	**678**	(3,686)
Loss on disposal of property, plant and equipment	**7,773**	1,277
Interest	**20,754**	21,253
Income taxes	**(608)**	(10,811)
Operating income	**67,974**	20,395

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

SOURCE Calfrac Well Services Ltd.

For further information: Fernando Aguilar, President & Chief Executive Officer; Mike Olinek, Chief Financial Officer; Scott Treadwell, Vice-President, Capital Markets & Strategy, Telephone: 403-266-6000, Fax: 403-266-7381, www.calfrac.com

Additional assets available online:

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