CALFRAC WELL SERVICES LTD.

ANNUAL INFORMATION FORM

For the year ended December 31, 2020

March 26, 2021

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual information form constitute forward-looking statements. These statements relate to future events or the future performance of the Corporation (as hereinafter defined). All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this annual information form should not be unduly relied upon. These statements speak only as of the date of this annual information form. Other than as required by applicable laws, the Corporation does not intend, and does not assume any obligation, to update these forward-looking statements.

In particular, this annual information form contains forward-looking statements pertaining to the following:

- supply and demand for oilfield services;
- the impact of the novel coronavirus ("COVID-19") pandemic on the Canadian and world economy, worldwide demand for oil and gas and the Corporation's business generally;
- expectations regarding trends in, and the growth prospects of, the global oil and gas industry;
- commodity prices;
- expectations regarding the Corporation's financing activities and restrictions, including with regard to the Credit Agreement (as hereinafter defined), the Second Lien Notes Indenture (as hereinafter defined) and the 1.5 Lien Notes Indenture (as hereinafter defined), and the Corporation's ability to raise capital;
- the Corporation's growth strategy and prospects;
- operating strategies;
- capital expenditure programs;
- the impact of environmental regulations and economic reforms and sanctions on the Corporation's business;
- exposure under existing legal proceedings;
- projections of market prices and costs;
- expectations regarding the Corporation's ability to maintain its competitive position;
- the anticipated rescission of a subscription for 1.5 Lien Notes (as defined below) by an institutional shareholder, and the Corporation's intentions and expectations with respect thereto; and
- treatment under governmental regulatory regimes.

The forward-looking statements contained herein are based on certain assumptions and analyses made by the Corporation in light of its experience and perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances, including, but not limited to, the following:

- the economic and political environment in which the Corporation operates;
- the Corporation's expectations for its customers' capital budgets and geographical areas of focus;
- the effect unconventional oil and gas projects have had on supply and demand fundamentals for oil and natural gas;
- the Corporation's existing contracts and the status of current negotiations with key customers and suppliers; and

- the likelihood that the current tax and regulatory regime will remain substantially unchanged.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this annual information form:

- global economic conditions;
- the level of exploration, development and production for oil and natural gas in Canada, the United States, Argentina and Russia;
- the demand for fracturing and other stimulation services for the completion of oil and natural gas wells;
- the impact of COVID-19 on the Corporation's operations, personnel, clients and outlook;
- volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally;
- the availability of capital on satisfactory terms;
- the Corporation's liquidity, restrictions resulting from compliance with debt covenants and risk of acceleration of indebtedness;
- excess oilfield equipment levels;
- direct and indirect exposure to volatile credit markets, including credit rating risk;
- dilution risks associated with the conversion of outstanding convertible securities and additional equity or debt financings;
- regional competition;
- sourcing, pricing and availability of raw materials, component parts, equipment, suppliers, facilities and skilled personnel;
- changes in legislation and the regulatory environment;
- currency exchange rate risk;
- risks associated with foreign operations;
- dependence on, and concentration of, major customers;
- the impacts of conservation measures and technological advances on the demand for oil and gas;
- 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 relating to legal and/or administrative proceedings;
- operating restrictions and compliance costs associated with legislative and regulatory initiatives relating to hydraulic fracturing and the protection of employees and the environment;
- failure to maintain the Corporation's safety standards and record;
- activist shareholders risks;
- social media risks;
- risks relating to the Plan of Arrangement (as defined below);
- liabilities and risks associated with prior operations;
- failure to continuously improve operating equipment and proprietary fluid chemistries;
- intellectual property and confidential information risks;

- third party credit risk;
- cybersecurity risks;
- greenhouse gas regulation risks;
- failure to realize anticipated benefits of acquisitions and dispositions;
- decisions by securities regulators and/or the courts;
- failure to receive any applicable regulatory, court, third party and other stakeholder approvals or decisions in respect of the Recapitalization Transaction (as defined below) and the court orders granting enforcement thereof; and
- the other factors considered under "Risk Factors".

CALFRAC WELL SERVICES LTD.

Calfrac Well Services Ltd. (the "Corporation") is the corporation resulting from the amalgamation of Calfrac Well Services Ltd. (the pre-amalgamation predecessor of the Corporation) and Dominion Land Projects Ltd. under the *Business Corporations Act* (Alberta) on January 1, 2011.

On February 7, 2005 and again on May 8, 2014, the Corporation filed Articles of Amendment to split its common shares on a two-for-one basis.

On May 8, 2018, the Corporation's shareholders ratified and confirmed the advance notice by-law relating to the advance notice of nominations of directors which had been approved by the board of directors on March 15, 2018. Among other things, the advance notice by-law sets a deadline by which shareholders must submit a notice of director nominations to the Corporation prior to an annual or special meeting of shareholders as well as the information required in the notice for it to be valid.

On December 17, 2020, the Corporation filed Articles of Continuance to continue the Corporation under the federal jurisdiction of Canada under the *Canada Business Corporations Act* ("CBCA"), which also implemented the new by-laws of the Corporation as approved at the October 16, 2020 special meeting of shareholders of the Corporation.

On December 18, 2020, the Corporation filed Articles of Arrangement implementing a plan of arrangement under Section 192 of the CBCA (the "Plan of Arrangement") giving effect to a recapitalization transaction (the "Recapitalization Transaction"), as described in the Corporation's management information circular dated August 17, 2020 ("Special Meeting Circular"), as supplemented by the Material Change Report dated September 25, 2020 (the "Special Meeting Materials"), which are available on the Corporation's profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com ("SEDAR"). The Plan of Arrangement, included, among other things, a consolidation of the Corporation's common shares on a 50-to-1 basis as approved at the October 16, 2020 special meeting of shareholders. See "*General Development of the Business – Recapitalization Transaction and Plan of Arrangement*" for a discussion of the Recapitalization Transaction and Plan of Arrangement.

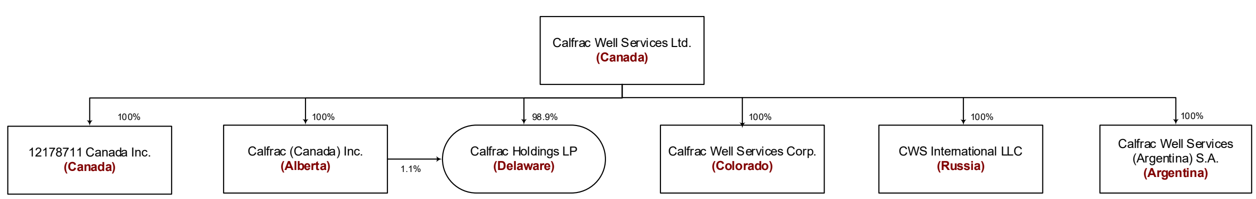
On December 18, 2020, and in connection with the Recapitalization Transaction, the Corporation adopted a shareholder rights plan as approved at the October 16, 2020 special meeting of shareholders. A detailed summary of the shareholder rights plan is available in Appendix "K" of the Special Meeting Circular.

The head office of the Corporation is located at 500, 407 - 8th Avenue S.W., Calgary, Alberta T2P 1E5 and the registered office of the Corporation is located at 4500, 855 - 2nd Street S.W., Calgary, Alberta T2P 4K7.

Capitalized terms not defined in this annual information form shall have the meaning ascribed to them in the Plan of Arrangement.

Intercorporate Relationships

The following is an organizational chart of the Corporation and certain of its subsidiaries as at January 1, 2021, showing each entity's jurisdiction of incorporation, continuation or formation, as applicable, and the Corporation's ownership interest therein. Unless the context requires otherwise, references to the Corporation include its subsidiary entities set forth below.



GENERAL DEVELOPMENT OF THE BUSINESS

The Corporation

The Corporation is a leading independent global provider of specialized oilfield services, including hydraulic fracturing, coiled tubing, cementing and other well stimulation services, which are designed to increase the production of hydrocarbons from wells. The Corporation's operations are focused in Canada, the United States, Argentina and Russia.

The Corporation has established itself as a key energy services provider in the markets where it operates and has a reputation for high quality, safe operations and expert execution. With a diverse geographic network and an active operating fleet sized to service the markets where it operates, the Corporation's goal is to safely and efficiently provide the highest degree of expertise, innovation and service to its customers. The Corporation's success thus far in achieving this goal is evidenced by a broad customer base and strong relationships with a number of the world's leading oil and natural gas exploration and production companies. Based on horsepower ("HP"), the Corporation is one of the largest hydraulic fracturing companies in the world with a combined fleet at December 31, 2020 of approximately 1,345,000 HP. In addition, the Corporation had 27 coiled tubing units and 16 cementing units at December 31, 2020.

Development of the Business

Growth of the Corporation

Since its incorporation in 1999, the Corporation has focused on growing its operations organically during periods of high activity levels and executing counter-cyclical and strategic acquisitions during commodity and financial market downturns. This strategy has been evident in the Corporation's acquisitions of Pure Energy Services Ltd. ("Pure") in August 2009, Century Oilfield Services Inc. ("Century") in November 2009 and the operating assets of Mission Well Services, LLC ("Mission") in October 2013. Such acquisitions increased its pumping capacity, generated synergies associated with the utilization of the Corporation's in-house supply chain and logistical planning, expanded its infrastructure and provided it with additional experienced personnel required to come out of each of the respective downturns stronger than it entered. The timing of the acquisitions allowed the Corporation to acquire tangible assets at significant discounts to replacement cost, and its geographic diversification and scope of operations allowed it to efficiently deploy the acquired assets into regions with higher activity or better operating fundamentals with minimal delay.

The Pure and Century acquisitions completed in 2009 and the Mission asset acquisition completed in 2013 have assisted the Corporation in growing its operations in North America. The Pure acquisition contributed to the expansion of the Corporation's scope of operations in Arkansas and its entry into the Marcellus shale play in 2010, as well as the Bakken shale play in North Dakota and Montana and the Niobrara shale formation in the Denver-Julesburg Basin in 2011. In addition, the Mission asset acquisition enabled the Corporation to expand its presence into the Eagle Ford shale play of Texas in 2013. Similarly, the Century acquisition provided the equipment, personnel and infrastructure needed to allow the Corporation's Canadian Division to expand its presence in the Deep Basin, Montney and Horn River plays and establish a significant presence in the Viking, Cardium and Bakken plays.

Late in the third quarter of 2012, the Corporation completed its new district facility in Smithfield, Pennsylvania, allowing the Corporation to efficiently service the southwest portion of the Marcellus shale play and most of the emerging Utica shale play. In addition, the Corporation completed a new district facility in Williston, North Dakota in 2013, which serves the Corporation's operating presence in that region. Also, the Corporation expanded its operations in Texas in the third quarter of 2017 by commencing operations based out of leased facilities in Artesia, New Mexico, servicing the Permian Basin.

The Corporation's Russian operations commenced in 2005 with two deep coiled tubing units and have since been augmented to comprise seven deep coiled tubing units and a hydraulic fracturing fleet comprised of 77,000 HP. In September 2012, the Corporation began executing multi-stage hydraulic fracturing jobs on horizontal wells in Russia and since then the number of such jobs in Russia has steadily increased. The economic sanctions applied by Canada, the United States and certain other jurisdictions against Russia have not impacted the Corporation's existing conventional operations to date, however, the sanctions have limited the Corporation's ability to pursue unconventional development opportunities that are emerging in Russia. The Corporation believes that it is well-positioned to take advantage of such unconventional opportunities if and when the economic sanctions are removed.

In 2007, the Corporation incorporated a majority-owned subsidiary in Argentina and established cementing operations with the support of a local management team. The Corporation's Argentinean operations have since grown to include fracturing, cementing and coiled tubing services from operating bases in Añelo, Neuquén, Las Heras and Comodoro Rivadavia. In the third quarter of 2018, the Corporation purchased the non-controlling interest in its Argentinian operations, and in the second quarter of 2019, the Corporation acquired an incremental 24,750 HP from a competitor. The Corporation's Argentinean hydraulic fracturing fleet is now 123,000 HP and its Argentinean cementing and coiled tubing fleets are now 13 units and 6 units, respectively.

Financing and Capital Markets Activity

The Corporation's growth outlined above has been financed through a combination of free cash flow, working capital, common share issuances, available credit facilities and the issuance of secured and unsecured notes, some of which are discussed in further detail below.

On May 9, 2018, the Corporation negotiated amendments to the credit agreement with its lenders ("Credit Agreement") governing its available credit facilities ("Credit Facilities") to exercise $100.0 million of accordion capacity, which increased its total facility capacity from $275.0 million to $375.0 million. Additional information regarding the amendments to the Credit Facilities in May 2018 can be found in the Corporation's press release dated May 9, 2018, and in the Corporation's comparative financial statements and management's discussion and analysis for the year ended December 31, 2018, which can be found on SEDAR.

On May 30, 2018, Calfrac Holdings LP ("Calfrac Holdings") closed a private offering of US$650.0 million aggregate principal amount of 8.50% senior unsecured notes due 2026 (the "Senior Unsecured Notes"), which were issued pursuant to an indenture dated May 30, 2018 (the "Senior Unsecured Notes Indenture"). Fixed interest on the Senior Unsecured Notes was payable on June 15 and December 15 of each year. The Corporation used a portion of the net proceeds from the offering of the Senior Unsecured Notes to repay all of its previously outstanding senior unsecured notes, and on May 31, 2018, the Corporation used a portion of the net proceeds from the offering of the Senior Unsecured Notes to fund the repayment in full of the outstanding balance of a $200.0 million second lien senior secured term loan facility. Additional information regarding the Senior Unsecured Notes financing can be found in the Corporation's press release dated May 30, 2018, which can be found on SEDAR. As discussed further below, a portion of the Senior Unsecured Notes were exchanged into Second Lien Notes pursuant to the Exchange Offer, and the remainder of the Senior Unsecured Notes were cancelled and exchanged for equity pursuant to the Plan of Arrangement and Recapitalization Transaction.

On April 30, 2019, the Corporation amended and extended its Credit Facilities while maintaining its total facility capacity at $375.0 million, consisting of an operating facility of $40.0 million and a syndicated facility of $335.0 million. Additional information regarding the amendments to the Credit Facilities in April 2019 can be found in the Corporation's press release dated May 1, 2019, and in the Corporation's comparative financial statements and management's discussion and analysis for the year ended December 31, 2019, which can be found on SEDAR.

On February 24, 2020, Calfrac Holdings closed a private offering (the "Exchange Offer") pursuant to which it exchanged newly issued 10.875% second lien secured notes due 2026 (the "Second Lien Notes") for validly tendered (and not validly withdrawn) Senior Unsecured Notes. The Exchange Offer was conducted as a modified "Dutch auction" and it resulted in approximately US$120.0 million aggregate principal amount of Second Lien Notes being issued in exchange for approximately US$218.2 million aggregate principal amount of Senior Unsecured Notes. Fixed interest on the Second Lien Notes is payable on March 15 and September 15 of each year, and the Second Lien Notes will mature on March 15, 2026. The Second Lien Notes are secured by a second lien on the same assets that secure obligations under Calfrac's Credit Agreement. The completion of the Exchange Offer reduced Calfrac's long term debt by over US$98.0 million and resulted in a reduction in annual interest payments of approximately US$5.5 million, as compared to the interest payments related to the Senior Unsecured Notes prior to the Exchange Offer, after taking into account the interest payments associated with the Second Lien Notes. Additional information regarding the

Exchange Offer can be found in the Corporation's press release dated February 25, 2020, which can be found on SEDAR

Recapitalization Transaction and CBCA Plan of Arrangement

On June 15, 2020, the Corporation announced it had elected to defer the cash interest payment due on June 15, 2020 in respect of its Senior Unsecured Notes. Under the terms of the Senior Unsecured Notes Indenture, the Corporation had a 30-day grace period from the periodic interest payment date in order to make this cash interest payment before an event of default would occur. Additional information regarding the cash interest payment deferral can be found in the Corporation's press release dated June 15, 2020, which can be found on SEDAR.

On July 13, 2020, the Corporation and certain of its subsidiaries made an application to the Court of Queen's Bench of Alberta commencing proceedings under Section 192 of the CBCA to complete the Plan of Arrangement (the "CBCA Proceedings") and seeking a preliminary interim order with respect thereto. The preliminary interim order included a stay of proceedings in favour of the Corporation and the other subsidiary applicants in respect of any defaults that may result from Calfrac's decision to initiate the CBCA Proceedings, or arising in connection with Calfrac's election to defer the cash interest payment due on June 15, 2020 in respect of its outstanding Senior Unsecured Notes. The preliminary interim order also authorized the Corporation to seek recognition of the CBCA Proceedings in the United States.

On July 14, 2020, the Corporation announced that it had obtained the preliminary interim order with respect to the CBCA Proceedings and the Corporation's decision to proceed with the Recapitalization Transaction. Additional information regarding the preliminary interim order and the Recapitalization Transaction, in its originally announced form, can be found in the Corporation's press release dated July 14, 2020, which can be found on SEDAR.

On July 14, 2020, the Corporation also obtained an order from the United States Bankruptcy Court for the Southern District of Texas, Houston Division granting emergency provisional relief pursuant to Chapter 15 of the United States Bankruptcy Code ("Chapter 15") and applying a stay on a limited basis to allow the Corporation the opportunity to restructure and effect the Recapitalization Transaction through the CBCA Proceedings. The Chapter 15 proceeding also sought the recognition of the CBCA Proceedings and enforcement of the Plan of Arrangement in the United States once approved by the Court of Queen's Bench of Alberta.

On August 4, 2020, Wilks Brothers, LLC ("Wilks Brothers") announced a proposal for an alternative recapitalization transaction (the "Wilks Brothers Proposal"), and the same day the board of directors of the Corporation established a special committee of independent directors (the "Special Committee") to evaluate the Wilks Brothers Proposal. On August 15, 2020, the Corporation announced that the Special Committee concluded that the Wilks Brothers Proposal was not a "Superior Proposal" as it could not reasonably be expected to result in a transaction more favourable to the Corporation and its stakeholders (including the Senior Unsecured Noteholders) as it lacked the required level of support from Senior Unsecured Noteholders. On September 9, 2020, Wilks Brothers launched an unsolicited take-over bid by its affiliate, THRC Holdings L.P., for all of the common shares of the Corporation (the "Wilks Brothers Take Over Bid"). On September 24, 2020, the board of directors' of the Corporation issued a Directors' Circular recommending that shareholders of the Corporation reject the Wilks Brothers Take Over Bid. Additional information regarding the Wilks Brothers Proposal, the Wilks Brothers Take Over Bid and the background and reasons for rejection thereof by the Special Committee and board of directors of the Corporation can be found in the Directors' Circular dated September 24, 2020, which can be found on SEDAR.

On September 24, 2020, the Corporation announced amendments to its proposed Recapitalization Transaction, to include a cash election option and the issuance of Warrants (as defined below) for shareholders. Additional information regarding the amendments to the Recapitalization Transaction can be found in the Corporation's Press Release dated September 24, 2020, which can be found on SEDAR.

On October 16, 2020, the shareholders of the Corporation and the holders of Senior Unsecured Notes approved the Recapitalization Transaction and Plan of Arrangement. Additional information regarding the meetings and voting results can be found in the Corporation's Press Release and Report of Voting Result, each dated October 16, 2020, which can be found on SEDAR.

On October 30, 2020, the Corporation obtained a final court order from the Court of Queen's Bench of Alberta approving the Plan of Arrangement (the "CBCA Final Order"). Effective December 1, 2020, the United States Bankruptcy Court for the Southern District of Texas entered an order under Chapter 15 recognizing and granting enforcement of the CBCA Final Order (the "Chapter 15 Recognition and Enforcement Order").

On December 18, 2020, the Corporation implemented the Plan of Arrangement and completed the Recapitalization Transaction, which included, among other things, the following key elements:

(a) the Corporation's total outstanding debt was reduced by approximately $576.0 million (converted using the exchange rate as of September 30, 2020);

(b) an aggregate of 6,061,561 common shares of the Corporation (prior to giving effect to the Share Consolidation as defined below) were tendered by shareholders of the Corporation for cancellation in exchange for aggregate cash consideration of approximately $0.9 million;

(c) the Corporation's outstanding common shares were consolidated on a 50:1 basis immediately after giving effect to share redemptions under the cash election (the "Share Consolidation");

(d) an aggregate of 5,824,433 common share purchase warrants of the Corporation ("Warrants") were issued to shareholders of record as of the close of business on December 17, 2020, with each Warrant exercisable at the option of the holder until December 18, 2023 for one common share of the Corporation (on a post-Share Consolidation basis) at an exercise price of $2.50 per common share (on a post-Share Consolidation basis), subject to customary adjustments;

(e) Senior Unsecured Notes in the aggregate principal amount of approximately US $432.0 million, plus all accrued and unpaid interest, were surrendered and cancelled in exchange for an aggregate of 31,307,618 common shares of the Corporation (on a post-Share Consolidation basis) (the "Senior Unsecured Notes Exchange") ;

(f) holders of Senior Unsecured Notes who provided early consent ("Early Consenting Noteholders") to the exchange of the Senior Unsecured Notes under the Plan of Arrangement also received an aggregate of 2,184,252 common shares of the Corporation (on a post-Share Consolidation basis);

(g) an aggregate of 1,125,703 common shares of the Corporation (on a post-Share Consolidation basis) (the "Commitment Consideration Shares") were issued to a wholly-owned subsidiary of the Corporation, 12178711 Canada Inc. ("Arrangeco"), as agent for certain investors providing backstop commitments in respect of the 1.5 Lien Notes (as defined below);

(h) the Corporation issued $60.0 million in principal value of 10% senior secured convertible payment-in-kind notes (the "1.5 Lien Notes") to certain investors pursuant to a private placement;

(i) pursuant to the Plan of Arrangement and the CBCA Final Order, claims relating to, among other things, the Recapitalization Transaction and the proceedings under the CBCA were released as against the Corporation and the other parties set out in the Plan of Arrangement on the terms set out in the Plan of Arrangement and Final Order; and

(j) obligations to suppliers, customers and governmental authorities were not affected by the Recapitalization Transaction.

Additional information regarding the Recapitalization Transaction and Plan of Arrangement can be found in the Corporation's material change report dated December 24, 2020, and the Special Meeting Materials, which can be found on SEDAR.

On December 18, 2020, immediately following the completion of the Recapitalization Transaction, Messrs. James S. Blair and Kevin R. Baker resigned as directors of the Corporation and Messrs. George S. Armoyan and Anuroop Duggal were appointed.

On December 18, 2020, in connection with the completion of the Recapitalization Transaction, the Corporation and certain investors in the 1.5 Lien Notes entered into a registration rights agreement pursuant to which the Corporation granted certain customary demand and "piggy-back" registration rights in respect of the Corporation's common shares held by such investors (the "Registration Rights Agreement"). Additionally, the Corporation and the same group of investors concurrently entered into an investor rights agreement pursuant to which the Corporation agreed to grant board nomination rights and anti-dilution rights to such investors (the "Investor Rights Agreement"). Copies of the Registration Rights Agreement and Investor Rights Agreement can be found on SEDAR.

On December 18, 2020, the Corporation also amended and restated its Credit Agreement to: (i) permit the Recapitalization Transaction; (ii) decrease the total aggregate Credit Facilities from $375.0 million to $290.0 million; (iii) amend the applicable pricing rate margins; and (iv) provide relief from the Funded Debt to EBITDA covenant during the Covenant Relief Period (as defined below) in exchange for the Corporation abiding by certain additional restrictions during such relief period, including a $5.0 million aggregate basket restricting financial assistance and investments in any person other than the Corporation or the guarantors of the Credit Agreement. As amended, the Credit Facilities consist of an operating facility of $30.9 million and a syndicated facility of $259.1 million, with no accordion feature. The Credit Facilities mature on June 1, 2022, and can be extended by one or more years at the Corporation's request and lenders' acceptance. The Corporation may also prepay principal without penalty. As part of the amendments, the Corporation's Funded Debt to Adjusted EBITDA covenant is waived for the quarters ended December 31, 2020 through June 30, 2021 and is 4.50x for the quarter ended September 30, 2021, 3.50x for the quarter ended December 31, 2021 ("Covenant Relief Period") and 3.00x for each quarter end thereafter. The Covenant Relief Period terminates on the earlier of December 31, 2021 and any prior quarter end for which the Corporation has requested early termination and has provided a compliance certificate to its lenders certifying compliance with all financial covenants and where the Funded Debt to Adjusted EBITDA ratio is less than 3.00x at such quarter end. The amended and restated Credit Agreement can be found on SEDAR and additional information regarding the Credit Facilities and amendments can be found in the Corporation's comparative financial statements and management's discussion and analysis for the year ended December 31, 2020, which can be found on SEDAR.

On March 1, 2021, the Corporation announced a modification of its prior disclosure relating to voting procedures for the Plan of Arrangement after the Corporation had become aware that one institutional shareholder of the Corporation purchased approximately $1 million of 1.5 Lien Notes pursuant to the pro rata offering made to qualified holders of the Senior Unsecured Notes. As disclosed, the Corporation and the institutional shareholder intend to rescind the subscription and cancel the applicable 1.5 Lien Notes without any entitlement to interest paid or payable following which the institutional shareholder will be returned its initial purchase price. The Corporation advised applicable regulators and announced its intention to advise the Court of Queen's Bench of Alberta in relation to the matter. On March 12, 2021, the Corporation announced that it had made a related application to the Toronto Stock Exchange ("TSX") for exemptive relief. Additional information regarding this matter can be found in the Corporation's Press Releases dated March 1 and March 12, 2021, which can be found on SEDAR.

Description of Services

The Corporation's business is comprised of the following service lines:

Fracturing Services. The principal focus of the Corporation's business is the provision of hydraulic fracturing services to oil and natural gas exploration and production companies. The objective of hydraulic fracturing is to increase the conductivity of an oil or natural gas zone within a reservoir to the wellbore, thus increasing the flow of hydrocarbons, allowing a greater proportion of hydrocarbons to be extracted or produced from that zone. The completion of "unconventional reservoirs", including oil and gas shales, siltstones, mudstones and other traditionally bypassed reservoirs is a technically and operationally challenging segment of the hydraulic fracturing market that is characterized by increasing numbers of horizontal wells, multi-stage fracture treatments and elevated proppant and pumping pressure demands. The Corporation has become a leading service provider in the deeper, more technically challenging plays in Alberta, northeast British Columbia, Manitoba, Saskatchewan, Colorado, North Dakota, Montana, Wyoming, Utah, Ohio, Pennsylvania, West Virginia, Texas and New Mexico by offering innovative equipment, technology solutions and highly trained personnel to execute these difficult projects. As of December 31, 2020, the Corporation's HP fleet consisted of:

	Active	Idle	Total
United States…………………...	516,000 HP	354,000 HP	870,000 HP
Canada………………………….	202,000 HP	73,000 HP	275,000 HP
Argentina……………………….	118,000 HP	5,000 HP	123,000 HP
Russia…………………………..	65,000 HP	12,000 HP	77,000 HP

For the years ended December 31, 2020 and 2019, fracturing services accounted for 92% and 94% of the Corporation's revenue, respectively.

The Corporation provides hydraulic fracturing by pumping a viscous fluid with suspended proppant through the wellbore and into the reservoir zone being stimulated. The pumping pressure causes the zone to fracture and accept the fluid and proppant. The fluid is designed to subsequently break, or lose viscosity, and be driven out by reservoir pressure, leaving the proppant suspended in the fracture.

A considerable amount of technology is incorporated into the design of the fracturing fluid, which normally consists of proprietary chemicals that are combined with a base fluid. The final fluid can be gelled, emulsified or foamed and may be preceded by acid. In addition to the complex chemical technology used for making the fracturing fluid, fracturing involves considerable engineering knowledge and experience to design the fracturing process to maximize the performance of the well. Each fracture is individually designed to take account of the specific temperatures, pressures, formation permeability and reservoir fluids within the producing zone which is fractured. The Corporation's engineering and asset enhancement teams provide technical evaluation and job design recommendations as an integral component of its fracturing service to the customer.

Hydraulic fracturing services involve the use of sophisticated equipment specifically designed and constructed for hydraulic fracturing. A complement or "spread" of equipment required to perform a hydraulic fracturing job normally consists of the following:

- a blender to combine chemicals, base fluid and proppant into specific mixtures of fracturing fluids;
- high horsepower fracturing pumpers, with the number of such pumpers dependent upon the pumping pressure and rate required for the fracture;
- a chemical additive unit to transport and inject each chemical in controlled quantities to create the fracturing fluid. The Corporation sometimes incorporates this unit into its blenders to increase efficiency and reduce the "footprint" of the spread at a particular well location;
- an iron truck or trailer used for transporting and rigging up the high-pressure lines or "iron" that connect the various components of the fracture spread and wellhead;
- a computer van equipped with monitoring, data recording, satellite communication and remote pumper controls to monitor and control the treatment and also record the data related to each phase of the fracture; and
- various equipment to transport, store and deliver the proppant and energizer.

The traditional or stage fracture procedure for stimulating a multi-zone well involves numerous mobilizations of a fracturing fleet to the well location, with each trip stimulating only one or two of the zones. In recent years, procedures have been developed so that all of the zones for a particular well can be fractured in just one mobilization of the fleet to the well location. The ability to complete the fracturing services for a multi-zone well with a single fleet mobilization to the well location has become increasingly attractive to customers, as it reduces the traffic to the well location and the resulting disturbance to the landowners and allows the well to be brought into production more quickly. In addition, this procedure simplifies the coordination of the logistics of the fracturing completion and reduces overall costs.

Today, many fracturing companies utilize "zipper fracturing" techniques whereby two or more parallel wells are drilled and then perforated at alternate intervals along the well bores and fractured at the perforations to create a highdensity network of fractures between the wells. This technique is found to increase production in both wells through added pressure this stress pattern creates. As the industry recognizes this meaningful cost savings and significant production uplift, demand for innovative fracturing solutions will continue.

Coiled Tubing Services. The Corporation provides coiled tubing services by running tubing into wells to perform various well servicing operations. Coiled tubing units are often used together with the appropriate support equipment to pump nitrogen, acid or other fluids into wells in order to remove unwanted corrosive acids, solids, gels and fluids from the wellbore and producing zone. Coiled tubing units can also be used to set and remove tools, perform well abandonments and set siphon or velocity strings, which promote the production of oil and natural gas without the accumulation of fluid in the wellbore. Coiled tubing remains the preferred completion tool for drilling out composite plugs and ball seats in horizontal wells after multi-stage fracturing jobs. Since 1999, the Corporation has successfully developed innovative equipment and treating procedures required to effectively complete coiled tubing assignments, from relatively simple shallow oil and natural gas operations to deeper, more technically challenging horizontal wells. As of December 31, 2020, the Corporation had:

- 1 coiled tubing unit in the United States, which is currently idled;
- 13 coiled tubing units in Canada, of which 8 are active and 5 have been idled;
- 6 coiled tubing units in Argentina, of which 5 are active and 1 has been idled; and
- 7 coiled tubing units in Russia, of which 4 are active and 3 have been idled.

For the years ended December 31, 2020 and 2019, coiled tubing services accounted for 6% and 5% of the Corporation's revenue, respectively.

Cementing Services. Drilling for oil and natural gas involves penetrating numerous geological layers, many of which may be saturated with fresh or salt water, oil, natural gas or combinations of all three. To protect groundwater from contamination emanating from the wellbore, surface casing is run to a depth below the level of groundwater and fresh water aquifers and cemented in place. In many wells, intermediate and production casing is also run below the level of surface casing and cemented in place. Once the cement has hardened, all of the geological formations that have been penetrated are isolated from each other and the completion of the well can proceed. Historically, the Corporation has grown this service line through acquisitions and capital investment but due to declining financial returns and increased competition, the Corporation has ceased offering cementing services in all of its operating areas except for Argentina, where it remains a market leader. As of December 31, 2020, the Corporation had:

- 3 cementing units in the United States, all of which have been idled; and
- 13 cementing units in Argentina, of which 12 are active and 1 has been idled.

For each of the years ended December 31, 2020 and 2019, cementing services accounted for 2% and 1% of the Corporation's revenue, respectively.

Industry

After rising consistently through the early part of the 2010's, 2015 saw a rapid fall in commodity prices as rising production materially outstripped global demand and Organization of the Petroleum Exporting Countries ("OPEC") nations announced an intention to maintain production levels rather than attempt to balance global crude markets. The free-fall bottomed in February 2016 as reductions in other producing regions began to balance global crude markets. At the end of 2016, with global oil supplies near historic highs, OPEC decided to cut oil production, and major non-OPEC producers such as Russia followed suit. However, the market outlook for West Texas Intermediate ("WTI") crude deteriorated at the end of 2018 and into 2019 due to rising U.S. oil supply, growing global inventories, a weaker oil demand forecast in 2019 and many E&P companies reducing their operating rig counts to adhere to capital budgets.

In 2020, the global economy slowed significantly in response to the worldwide COVID-19 pandemic, while the oil industry was also impacted by the oil supply war between OPEC and Russia ("OPEC+"). In early March 2020, an oil supply war between Saudi Arabia and Russia erupted due to the inability of OPEC+ to agree on proposed oil production output quotas. In the midst of this supply war, the COVID-19 outbreak developed rapidly and significant measures were put in place by governments around the world to prevent the transmission of the virus. This included limiting the movement of people, travel restrictions, temporarily closing businesses and schools and cancelling events. This had an immediate significant impact on businesses and led to severe global socioeconomic disruption and extreme global capital market volatility. The global energy market was also fundamentally impacted as demand for fuel plummeted as people around the world stopped traveling and working due to COVID-19 restrictions, resulting in an unprecedented event with the forward price of WTI crude oil reaching negative levels in April 2020. OPEC and Russia eventually reached an agreement to curtail oil production in an effort to help balance the oil market that had been severely impacted by the COVID-19-induced slump and ill-timed battle for market share. The low oil price environment persisted into summer months, causing many E&P operators to reduce capital expenditures for drilling and completion activity while also shutting-in existing production to remove supply from the market. Oil prices stabilized in the fall months before rising in November and December, with WTI closing out the year nearing US$50 as the approval and production of a number of COVID-19 vaccines brought expectations of an economic recovery. WTI prices averaged US$39 per barrel in 2020, down ~30% from the 2019 annual average of US$57 per barrel.

At the beginning of 2000, according to the Baker Hughes' rig count, 1,190 drilling rigs were operating in North America with a large majority of these rigs drilling vertical wells. As horizontal drilling techniques improved and unconventional opportunities became more economic, the North American horizontal rig count increased to a peak of 1,753 in November 2014, representing 74% of total rigs. However, by the end of 2016, North America's horizontal rig count decreased by 62% to 671 drilling rigs. With an improved commodity price backdrop and continued advancements in the technologies used to extract hydrocarbons, producing these resources became more economic and activity levels increased accordingly. By the end of 2019, the horizontal rig count had improved to 792 horizontal drilling rigs, representing approximately 88% of total North American rigs. One year later, resulting from the impact of the oil supply war and worldwide COVID-19 pandemic, the horizontal rig count had declined 53% to 370 horizontal drilling rigs, representing approximately 90% of total North American rigs in 2020.

According to the Energy Information Administration ("EIA"), U.S. crude oil production averaged an estimated 12.2 million barrels per day ("MMBpd") in 2019, continuing the growth trend from a year prior. Average daily production decreased to 11.3 MMBpd in 2020. U.S. dry natural gas production averaged 90.8 billion cubic feet per day in 2020, down 2% from 2019 levels. Henry Hub spot prices averaged US$2.03 per million British thermal units ("MMBtu") in 2020, down from US$2.57 per MMBtu in 2019.

The S&P oilfield service index (the "OSX") has substantially underperformed the S&P 500 over the previous three years. From January 1, 2018 through December 31, 2020, the S&P 500 has increased by 40% while the OSX has fallen by 70%. In 2020, the OSX was down 43% after falling 3% in 2019 and 46% in 2018.

According to Spears & Associates, global spending for oilfield equipment and services fell 29% to US$192 billion in 2020 as the pandemic-induced slowdown in economic activity negatively impacted oil consumption, pricing and upstream investment. However, the global oilfield equipment and service market has begun to recover from its low point in the second half of 2020 as rising oil prices and improved operator cash flow have spurred a pick-up in drilling, completion and production activity. Comparatively, the oilfield market reached its peak revenue of US$475 billion in 2014, but dropped by 51% from 2014 levels to US$234 billion in 2016. With improving commodity prices from 2016 to 2019, the global oilfield market rebounded to US$270 billion in 2019 before running into the aforementioned headwinds of 2020.

The pressure pumping industry provides hydraulic fracturing and other well stimulation services to exploration and production companies. Over the last two decades, the pressure pumping market has evolved from an industry dominated by three major players to an industry where smaller, independent operators have made significant strides with technological advances. As many shale plays are tight, high pressure reservoirs, drilling these plays requires an increasing number of fracturing stages and more pounds of proppant per fracturing stage. Additionally, many operators have utilized pad drilling techniques, which is the practice of drilling multiple wellbores from a single surface location. Given the increase in well completion activity from the trough in 2016, the demand for pressure pumping services had increased. Spears & Associates estimates the hydraulic fracturing market grew from approximately US$15 billion in 2016 to US$35 billion in 2018. Since then, the hydraulic fracturing market has contracted by 64% to US$12 billion in 2020 due to lower completion activity, in part due to E&P operators reduced capital budgets in 2019 and 2020, as a response to the commodity price environment.

Coiled tubing remains the preferred method for drilling out composite plugs and ball seats in horizontal wells after multi-stage fracturing jobs. According to Spears & Associates, revenue growth in the North American coiled tubing market increased from US$4.8 billion in 2010 to a peak of US$9.1 billion in 2014. However, the coiled tubing market in 2015 and 2016 decreased by approximately 38% each year to an estimated US$3.5 billion in 2016. Activity levels recovered in subsequent years but the coiled tubing market declined roughly 40% to US$3.1 billion in 2020.

Cementing is a principal component of pressure pumping services and remains a critical step in the overall well completion process. Between 2010 and 2014, the cementing market grew from US$6.2 billion to a peak of US$12.4 billion. The U.S. land market exhibited strong growth over this period as horizontal wells continued to be drilled at greater lateral lengths. However, the main factor influencing demand for cementing services is the amount of new well construction. With drilling activity falling in 2015 and 2016, the cementing market fell by 32% and 34%, respectively. The recovery of completion activity in 2017 and 2018 drove a recovery in the cementing market. In 2019, the market fell slightly by 3% before decreasing by an additional 29% in 2020 to US$6.2 billion.

Looking ahead, the EIA forecasts that WTI crude prices will average US$57.24 and $54.75 per barrel in 2021 and 2022, respectively. Average WTI prices are expected to increase from 2020 levels as price stabilization occurs after the negative impact resulting from the oil supply war and COVID-19 restrictions. Henry Hub natural gas spot prices are expected to average US$3.14 per MMBtu in 2021 and further increase to US$3.16 per MMBtu in 2022. The EIA expects U.S. natural gas supply production to be flat compared to 2020 but colder-than-normal temperatures in February, combined with continued LNG export growth are expected to push annual average prices moderately higher in 2021.

Competitive Strengths

Strategic position in fracturing markets with significant scale. The Corporation believes that it is well-positioned in the markets where it operates. The Corporation is one of the leading companies in the Canadian market in providing innovative hydraulic fracturing services throughout the unconventional oil and natural gas markets, and specifically, the deeper, more technical areas of the WCSB. With 202,000 HP active in Canada and 516,000 HP active in the United States, the Corporation has established itself as one of the top ten largest fleets in North America. The Corporation services both the western and eastern slopes of the Rocky Mountains in the United States, including the Piceance, Uinta, Powder River and Denver-Julesburg Basins (which include the Niobrara oil play of northern Colorado), the Marcellus and Utica shale plays in Pennsylvania, West Virginia and Ohio, the Bakken shale play in North Dakota and Montana, the Eagle Ford shale play in Texas and the Permian Basin in Texas and New Mexico. The Corporation's Russian management team has extensive in-country well service industry experience which, together with the demand in Russia for Western technology, enhances its position to effectively operate and grow in that market. The Corporation also operates in Argentina, where development of the Vaca Muerta shale play could drive significant demand growth for the Corporation's services. The Corporation expects unconventional oil and gas activity in Argentina will continue to mature and become more significant in the future.

Strong, long-term relationships with a high quality, diversified customer base. The Corporation recognizes that the success of its business is based on high levels of customer satisfaction and strong business relationships. The Corporation has experienced field operations staff supported by highly qualified technical personnel, which enable it to develop an understanding of each customer's specific needs, and then tailor innovative, practical and cost-effective solutions to meet those needs. The Corporation has strong, long-term relationships with many of its customers, comprised of a diverse and balanced mix of large, intermediate and small oil and natural gas exploration and production companies, and counts among its client base many of the most active exploration and production companies in the countries in which it operates. For the year ended December 31, 2020, the Corporation's ten largest customers collectively represented approximately 64% of its revenue and the Corporation's five largest customers collectively represented approximately 44% of its revenue, with its largest customer accounting for approximately 14% of its revenue. The Corporation's customer base consists of over 75 oil and natural gas exploration and production companies, ranging from large multi-national public companies and national oil and gas companies to small private companies. Most of the Corporation's significant customers in North America are major operators with very strong credit metrics.

Field-proven technologies and specialty equipment. With a comprehensive fleet of specially designed fracturing, coiled tubing and cementing units, the Corporation is able to respond quickly to customer demand and new opportunities by mobilizing equipment and personnel to geographic regions as required. A considerable amount of technology and engineering expertise is incorporated into the fluid chemistry and the design of fracturing programs, which has been an integral part of the successes in the exploration and development of unconventional oil and natural gas plays. In addition to its high-tech laboratories located at the Technology and Training Centre in Calgary, Alberta and the Technology and Training Center in Houston, Texas, the Corporation operates district laboratories in Grande Prairie, Alberta; Grand Junction, Colorado; Williston, North Dakota; Smithfield, Pennsylvania; Khanty-Mansiysk, Russia; and Añelo, Neuquén, Las Heras and Comodoro Rivadavia, Argentina. The Corporation has developed proprietary, cost-effective chemistries that aim to optimize proppant placement in order to maximize production from the wellbore. In addition, the Corporation remains focused on the ongoing development of environmentally friendly fluid systems, including systems which contain no hazardous materials, and systems that can be used with high saline produced and recycled waters, thereby reducing freshwater demand. The Corporation has also developed highly innovative and specially designed field equipment and equipment configurations that allow it to combine functions, resulting in less equipment being required at a particular well location, thereby reducing the "footprint" of the equipment. The Corporation has considerable and valuable experience with performing concurrent multi-zone hydraulic fractures through coiled tubing rigs, which avoids multiple trips to the well location and brings the well into production faster for its customers, while allowing the Corporation to achieve higher rates of equipment utilization.

Supply chain and logistics. The Corporation believes it has created a competitive advantage through its in-house supply chain and logistical planning expertise. The Corporation has strategically invested in infrastructure and optimized its logistic networks to ensure a timely supply of goods and materials so that non-productive time is minimized for the Corporation's customers, such as investments in strategically located proppant storage and transloading facilities to increase the Corporation's basin storage and transload access across the key plays in Canada. The Corporation continues to analyze and identify ways in which it can optimize its supply chain and logistical network across its operations. The Corporation expects that these and other logistical initiatives will leave it well situated from a logistics perspective to assist the Corporation to capitalize on new growth opportunities when they arise.

Highly experienced and committed senior management team. The Corporation draws on the global experience of its management team to maintain its leading market position and strong relationships with its customers. Members of the Corporation's senior management team have a demonstrated track record and an abundance of relevant industry experience. The Corporation believes that their significant experience in, and knowledge of, the Corporation's specialized business strengthens the Corporation's ability to compete and prudently manage its business throughout industry cycles. The Corporation's board of directors includes members recognized individually for their accomplishments in the fields of energy, investment banking and private investment. The Corporation's directors and executive officers own or control approximately 32.5% of the Corporation's outstanding common shares.

Business Strategy

Safely provide the highest degree of expertise and service. Central to the Corporation's business strategy and long-term vision is its goal to safely and efficiently provide the highest degree of expertise, innovation, quality and service to its customers. To create value for the Corporation's customers and greater opportunities for its employees, the Corporation continues to strive for operational excellence through expert execution. The Corporation seeks to maintain its position as the preferred provider to its customers through its unique combination of an entrepreneurial approach to solving problems, the energy of its employees, a commitment to continuous improvement through innovation and an ethical approach to business.

Capitalize on the Corporation's North American footprint. The Corporation believes that it is well-positioned to serve its customers in their major operating areas in many basins in North America. The Corporation is optimistic about improving its long-term returns in its North American business. The Corporation believes that its established operating bases located in Canada and the United States will act as a springboard for the Corporation to capitalize on growth opportunities as market conditions improve given its customer relationships, geographic footprint and focus on top-tier safety, service quality, logistics management and technology.

Maintain a diversified International footprint positioning for future growth. The Corporation's Russian business performed well during 2020 as other operating jurisdictions were more profoundly impacted by COVID-19 related challenges. Although Argentina was significantly impacted by these factors, including a prolonged government mandated shelter-in-place order, recently enacted incentives aimed at stimulating natural gas directed exploration and production and the withdrawal of a major competitor from the market has positioned the Corporation to realize significant improvements in financial and operational results in Argentina. The diversification these international businesses offer the Corporation provides the opportunity to participate as an early-mover in any sustained recovery in either of these jurisdictions.

Focus on advanced technologies and chemistries. The quality of the Corporation's assets and chemistry is fundamental to the viability of a long-life, specialized oilfield service company that serves a global market. Hydraulic fracturing operations are constantly improving through advances in technology, which are intended to translate into cost savings, enhanced production for the Corporation's customers and a reduced environmental footprint. The Corporation will continue to invest in technology and engineering to maintain its leading market position and serve its customers in innovative and efficient ways.

Commitment to quality. The Corporation's commitment to quality is evident in the investment made to become certified under American Petroleum Institute's Specification Q2 ("API Q2"), which is the first quality management system certification specifically for energy services companies in the oil and gas industry. The standard defines a quality management system of procedures and processes that foster continuous improvement in substantive capabilities, quality control and reporting. The Corporation's maintains an active certification to API Q2 and ISO 9001:2015 for its corporate and divisional head office in Calgary, Canada. The Corporation's entire operations are subject to a Quality Management System in compliance with the requirements of API Q2 and ISO 9001:2015.

A skilled, dedicated workforce. The Corporation has secured a reliable, skilled and dedicated workforce and it has processes in place to temporarily mobilize its workforce between operating districts. These temporary assignments maximize utilization during periods in which the demand for services decreases, such as Canada's spring break-up, and facilitate knowledge transfer. In addition, in order to strengthen its workforce, the Corporation has facilities and programs in place which provide an environment for ongoing learning and skill development. The Corporation has dedicated training facilities in Calgary, Alberta and San Antonio, Texas which are focused on providing regulatory, skills and leadership training for all employees. The Corporation's in-depth and award-winning field training program for all new field employees has been rolled out across our North American and Argentinean operations. The program includes classroom instruction, on-line learning programs and hands-on field and equipment training to ensure that new hires have the skills required to safely perform in the demanding environment in which the Corporation operates. In addition, the Corporation has established a Supervisor Essential Skills training program, which covers topics such as technical capabilities, project management, safety management, customer relations, leadership training and time management. By providing an environment for ongoing learning in both the classroom and the field, the Corporation increases productivity, efficiency and performance through its most valuable asset – its people.

Disciplined approach to operating costs through the cycle. During low commodity price environments, the Corporation has been able to aggressively manage its operating cost structure by implementing several cost reduction initiatives, all while remaining committed to serving its customers' needs. Such cost reduction initiatives include diligently idling equipment, scaling back operations in order to match costs with anticipated revenue, reducing headcount and introducing changes to employee compensation. Additionally, the Corporation strategically manages its assets during significant downturns to deliver reduced cash outflows in periods of industry duress while allowing for a cost-effective acceleration of operations when demand increases. This prudent asset management strategy has allowed the Corporation to bring equipment online with a relatively manageable cost. In addition, in working with the Corporation's key suppliers, the supply chain and logistics group has significantly reduced costs for key products, including proppant and chemicals, as well as third party subcontractors. The Corporation continues to analyze all measures it can employ to further lower its operating cost structure including process efficiencies and further cost mitigation strategies, such as capitalizing on synergies associated with the implementation of an enterprise resource planning system in early 2020. By prudently managing its operating cost structure, the Corporation is able to enhance the sustainability of its business model over the long-term.

Customers

The Corporation's customer base consists of over 75 oil and natural gas exploration and production companies, ranging from large multi-national public companies and national oil and gas companies to small private companies. The Corporation enjoys strong relationships with its customers, comprised of a diverse and balanced mix of large, intermediate and small oil and natural gas exploration and production companies, and counts amongst its client base many of the most active exploration and production companies in the countries in which it operates. For the year ended December 31, 2020, the Corporation's ten largest customers collectively represented approximately 64% of its revenue and the Corporation's five largest customers collectively represented approximately 44% of its revenue, with its largest customer accounting for approximately 14% of its revenue.

Contracts

Oil and gas operators in North America have become increasingly reluctant to sign long-term, minimum commitment contracts given the volatility of commodity prices and the excess HP capacity in North America. However, the Corporation has a number of "right of first call" contracts, wherein certain clients have committed to providing the Corporation with the first right to perform fracturing and/or coiled tubing services required in certain operating areas, as well as a number of pricing contracts.

The Corporation has traditionally operated in Russia under a mix of short-term and long-term contracts. A contract award process is typically carried out during the last half of the year for periods covering the following year(s). The Corporation is currently working in one operating area in Russia pursuant to two three-year contracts with that country's largest oil and natural gas company. One of the contracts expires at the end of Q2 2021 and one expires at the end of 2021. On the strength of these contractual arrangements and prospects for renewal, the Corporation is optimistic that a high rate of utilization of its Russian assets will be maintained in 2021.

In Argentina, the Corporation is currently operating under contracts with large customers such as Pan American Energy and YPF S.A., as well as a number of smaller customers. Based on the Corporation's strong operational performance, it believes that it is well-positioned to continue working with these customers in the future.

Suppliers

The Corporation sources its raw materials, such as proppant, chemicals, nitrogen, and diesel fuel, and component parts from a variety of suppliers in North America, Argentina and Russia.

The Corporation has a number of contracts with four leading United States based suppliers of sand. Such contracts generally provide for minimum purchase and supply commitments and customary price adjustment mechanisms.

Competition

The markets in which the Corporation operates are highly competitive. To be successful, a service provider must provide services that meet the specific needs of oil and natural gas exploration and production companies at competitive prices. The principal competitive factors in the markets in which the Corporation operates are price, product and service quality and availability, technical knowledge and experience and reputation for safety. The Corporation currently operates in Canada, the United States, Argentina and Russia. In each of these geographic jurisdictions, the Corporation competes against a large number of companies that offer services that overlap and are competitive with the Corporation's services and products. The Corporation's competition includes large multi-national oilfield service companies as well as regional competitors.

Regulation

The Corporation is subject to increasingly stringent and complex federal, provincial, state and local laws and regulations relating to the importation, release, transport, handling, storage, disposal and use of, and exposure to, hazardous and radioactive materials, and the protection of employees and the environment, including laws and regulations governing occupational safety standards, air emissions, chemical usage, water discharges and waste management. The Corporation incurs, and expects to continue to incur, significant capital, managerial and operating costs to comply with such health, safety and environmental laws and regulations. Violation of these laws and regulations could lead to loss of accreditation, damage to the Corporation's social license to operate, loss of access to markets and substantial fines and penalties.

The Corporation has endeavoured to reduce the use of hazardous substances and the generation of wastes in its operations, but to date has been unable to eliminate them completely. The Corporation takes great care to prevent the release of hazardous substances into the environment at the well site or during transportation, storage or handling. The Corporation's customers protect groundwater from contamination by substances pumped downhole by installing and cementing layers of steel piping, called casing, in every well serviced by the Corporation. Notwithstanding these precautions, the Corporation may be subject to claims regarding the release of hazardous substances into the environment. In addition, some of the Corporation's current properties are, or have been, used for industrial purposes. Some environmental laws and regulations provide for joint and several strict liability related to spills and releases of hazardous substances for damages to the environment and natural resources or threats to public health and safety. Strict liability can render a potentially responsible party liable for damages without regard to negligence or fault on the part of the party. Accordingly, the Corporation could become subject to potentially material liabilities relating to the investigation and cleanup of contaminated properties, and to claims alleging personal injury or property damage as the result of exposures to, or releases of, hazardous substances. In addition, stricter enforcement of existing laws and regulations, new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require the Corporation to incur costs or become the basis of new or increased liabilities that could reduce its earnings and cash available for operations.

Changes in environmental requirements could negatively impact demand for the Corporation's services. For example, oil and natural gas exploration and production may decline as a result of environmental and regulatory requirements (including land use policies responsive to environmental concerns or climate change legislation or regulations). A decline in exploration and production, in turn, could materially and adversely affect the Corporation.

The Canadian federal government, the United States Congress, the United States Environmental Protection Agency and other regulatory agencies in the United States continue to conduct investigations regarding the use and lifecycle of stimulation water and chemicals in the hydraulic fracturing process and the potential impacts on human health and the environment. In addition, most provincial, state and local governments with jurisdiction over oil and gas development have undertaken similar investigations and have implemented various rules, regulations, conditions and restrictions on hydraulic fracturing operations. Petitions and bills that assert that the fracturing process could adversely affect surface and/or ground water supplies, air quality and seismic events have been introduced in Congress and state legislatures. The proposed statutes have historically aimed to repeal the exemption for hydraulic fracturing under the Safe Drinking Water Act or enact moratoriums and/or bans on the use of hydraulic fracturing in the hydrocarbon extraction process.

Legislative and regulatory requirements currently in place or scheduled to become effective in certain provinces and/or states in 2021 include requirements regarding local government consultation, wellhead and pad setbacks, public and landowner notifications and involvement, withdrawal of water for use in hydraulic fracturing of horizontal wells, disposal of flowback or produced water, baseline testing of nearby water wells and restrictions on which additives may be used, reporting with respect to spills, mandatory visual and noise mitigation measures as well as temporary or permanent bans on hydraulic fracturing. These types of requirements could subject the Corporation to increased costs, delays, limits on the productivity of certain wells and, possibly, limits on its ability to deploy its technology. The adoption of any future federal, provincial, state or local laws or implementing regulations in any of the jurisdictions in which the Corporation operates which impose additional permitting, disclosure or regulatory obligations related to, or otherwise limiting, the hydraulic fracturing process could make it more difficult to complete oil and natural gas wells and could affect the Corporation's ability to utilize proprietary technological developments to compete effectively in the pressure pumping industry.

Environmental Protection and Social Responsibility

The Corporation is committed to meeting its responsibilities to protect the environment and has taken the required steps to comply with environmental legislation wherever it operates. In addition, the Corporation is committed to reducing its environmental impact and delivering long-term social benefits in a manner that supports the interests of all stakeholders in the areas in which it operates. Such commitments are evidenced by the following:

- The Corporation's team of engineers, chemists, geoscientists, and technical specialists develop and test technologies and fluid systems that improve efficiency, reduce water consumption, improve water recycling, minimize risk to the environment and ultimately help wells produce more efficiently and safely.

- The Corporation provides its customers with a list of additives used in fracturing fluids and encourages the use of public disclosure mechanisms in the interest of transparency.

- The Corporation collaborates with its customers in a proactive manner in order to minimize negative environmental impacts from its operations.

- The Corporation has implemented operating standards and procedures that improve containment of environmental releases. From 2019 to 2020, the Corporation reduced its total number of environmental releases by over 40%.

- In order to reduce diesel consumption and the impact of carbon emissions on the environment, the Corporation has increased the amount of its bi-fuel fracturing pumpers in recent years. The Corporation now operates about 90 bi-fuel fracturing pumpers which represents approximately 230,000 HP of its pumping capacity. The Corporation anticipates adding 20 more bi-fuel fracturing pumps (~50,000 HP) to its fleet within the next four to six months. Such pumpers reduce diesel consumption by up to 70% by incorporating natural gas fuel.

- The Corporation has developed innovative and specially designed field equipment and equipment configurations which reduce transport traffic, job site footprint, noise and dust associated with its operations.

- The Corporation believes in being an integral part of the communities where it operates, and it supports a variety of giving activities through volunteer efforts and financial donations.

- The Corporation engages with the communities where it operates in order to understand and respond to their concerns and communicate openly about the Corporation's operations.

- The Corporation is a founding signatory to the Hydraulic Fracturing Code of Conduct, which is a set of commitments made by participating companies related to five key areas: (1) water and the environment; (2) fracturing fluid disclosure; (3) technology development; (4) health, safety and training; and (5) community engagement.

- The Corporation utilizes a health and safety performance measure, Total Recordable Injury Frequency ("TRIF"), in connection with the calculation of award entitlements under its Short-Term Incentive Plan ("STIP"). TRIF is a lagging indicator that determines the injury rate based on the number of recordable injuries and the total number of hours worked in a year. The foundation of the formula for calculating TRIF is defined by the Occupational Health & Safety Administration, a federal agency of the United States that regulates workplace safety and health. TRIF is calculated by multiplying the number of recordable injuries and illnesses incurred during the year by 200,000 and dividing that product by the total number of hours that were actually worked by employees. The "200,000" used in this calculation is the equivalent number of hours for 100 employees working 40 hours per week for 50 weeks. The overall annual TRIF which is determined at December 31st of the relevant year is based on the total number of recordable injuries and illnesses for all divisions and the total hours worked for all divisions for the year. For 2020, the Corporation achieved a consolidated TRIF of 0.62.

- The use of TRIF reinforces the Corporation's commitment to protect the health and safety of its employees, contractors, clients and other third party personnel in the communities in which the Corporation operates. The use of TRIF also helps make health and safety management a core part of the culture of the organization.

The ultimate TRIF goal, which is communicated to the Corporation's employees, third-party service providers and clients, is "Goal Zero".

- The Corporation has a Health, Safety, Environment and Quality Committee which is responsible for monitoring the health, safety, environment and quality practices, procedures and performance of the Corporation and its subsidiaries and for monitoring compliance with applicable legislation and conformity with industry standards. Such Committee is also responsible for reviewing management reports and, when appropriate, making recommendations to the board of directors on the Corporation's policies and procedures related to health, safety, the environment and quality. The Health, Safety, Environment and Quality Committee consists of three board members, each of whom is independent. All board committees and the board of directors as a whole are focused on the importance of considering environmental, social and governance issues as part of the Corporation's license to operate and commencing in 2020, all quarterly reporting board meetings included a discussion of any relevant developments in those areas.

- The Corporation's commitment to quality, safety and service is evident in its investment made to become certified under API Q2, which is the first quality management system certification specifically for energy services companies in the oil and gas industry. The standard defines a quality management system of procedures and processes that foster continuous improvement in substantive capabilities, quality control and reporting. The Corporation's maintains an active certification to API Q2 and ISO 9001:2015 for its corporate and divisional head office in Calgary, Canada. The Corporation's entire operations are subject to a Quality Management System in compliance with the requirements of API Q2 and ISO 9001:2015.

Intellectual Property

The Corporation's research and development efforts are focused on providing specific solutions to the challenges experienced by oil and natural gas exploration and production companies when fracturing and stimulating wells. The Corporation's success in hydraulic fracturing has been facilitated by its ability to provide proprietary blends of chemicals that, together with the Corporation's technical expertise and innovative equipment, result in customers' wells being more productive.

Operating Bases and Offices

The Corporation provides its services from operating bases located in Red Deer, Grande Prairie, Edson and Medicine Hat, Alberta; Dawson Creek, British Columbia; Kindersley, Saskatchewan; Grand Junction, Colorado; Williston, North Dakota; Smithfield, Pennsylvania; San Antonio, Texas; Artesia, New Mexico; Khanty-Mansiysk, Russia; and Añelo, Neuquén, Las Heras and Comodoro Rivadavia, Argentina. The Corporation's head office is located in Calgary, Alberta and its regional offices are located in Denver, Colorado; Houston, Texas; Moscow, Russia; and Buenos Aires, Argentina.

As at December 31, 2020, the Corporation's hydraulic fracturing fleet was approximately 1,345,000 HP, and its well servicing equipment included 25 coiled tubing units and 14 cementing units.

Employees

As at December 31, 2020, the Corporation had approximately 2,350 employees in its operating regions. With the exception of a portion of the employees in Argentina, none of the Corporation's employees are unionized.

RISK FACTORS

The Corporation's business depends on the oil and natural gas industry and particularly on the level of exploration, development and production for North American, Argentinean and Russian oil and natural gas, which is volatile.

The demand, pricing and terms for the Corporation's services largely depend upon the level of expenditures made by oil and gas companies on exploration, development and production activities in North America, Argentina and Russia. Expenditures by oil and gas companies are typically directly related to the demand for, and price of, oil and gas. Generally, when commodity prices and demand are predicted to be, or are relatively, high, demand for the Corporation's services is high. The converse is also true.

The prices for oil and natural gas are subject to a variety of factors including: the demand for energy; the ability of OPEC to set and maintain production levels for oil; oil and gas production by non-OPEC countries; the decline rates for current production; global and domestic economic conditions, including currency fluctuations; political and economic uncertainty and socio-political unrest; cost of exporting, producing and delivering oil and gas; technological advances affecting energy consumption; weather conditions; the effect of worldwide energy conservation and greenhouse gas reduction measures; the impact of the COVID-19 pandemic; and government regulations. Any prolonged reduction in oil and natural gas prices would likely decrease the level of activity and expenditures in oil and gas exploration, development and production activities and, in turn, decrease the demand for the Corporation's services.

In addition to current and expected future oil and gas prices, the level of expenditures made by oil and gas companies are influenced by numerous factors over which the Corporation has no control, including but not limited to: general economic conditions; and the impact of the COVID-19 pandemic thereon; the cost of exploring for, producing and delivering oil and gas; the expected rates of current production; the discovery rates of new oil and gas reserves; cost and availability of drilling equipment; availability of pipeline and other oil and gas transportation capacity; natural gas storage levels; political, regulatory and economic conditions; taxation and royalty changes; government regulation; environmental regulation; ability of oil and gas companies to obtain credit, equity capital or debt financing; and currency fluctuations. A material decline in global oil and natural gas prices or North American, Argentinean and Russian activity levels as a result of any of the above factors could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The ongoing impacts of the COVID-19 pandemic may adversely affect the Corporation's business, operations and financial results.

Given the rapid global spread of the COVID-19 pandemic, the Corporation's financial and operating performance could be materially adversely affected by any disruptions or suspensions of the Corporation's operations. Among other things, such disruptions or suspensions may result from operational changes by the Corporation's customers in response to the COVID-19 pandemic, directives and protocols introduced by governments and public health officials in the jurisdictions where the Corporation operates, slowdowns or stoppages in the performance of work due to labour shortages caused by mandatory quarantine orders or employees becoming infected with COVID-19, supply chain disruptions and the inability of counterparties to fulfill their contractual obligations on a timely basis or at all.

The Corporation has implemented a COVID-19 Pandemic Response Plan to provide direction during the COVID-19 pandemic. While these measures may partially mitigate the impacts of the COVID-19 pandemic, minimize recovery time and reduce business losses, such measures cannot account for nor control all possible events that may materialize. As a result, the COVID-19 pandemic may continue to have adverse financial and operational implications for the Corporation.

The duration and extent of the impact from the COVID-19 pandemic depends on future developments that cannot be accurately predicted at this time, such as the severity, transmission rate and resurgence of the COVID-19 virus or strain variations thereof, the timing, extent and effectiveness of containment actions, including the availability and effectiveness of vaccines, approvals thereof and the speed of vaccine distribution, the speed and extent to which normal economic and operating conditions resume worldwide, and the impact of these and other factors on the Corporation's stakeholders, including our customers, vendors and employees. The situation is changing rapidly, and future impacts may materialize that are not yet known. There are no comparable recent events that provide guidance as to the effect the continued spread of the COVID-19 pandemic may have, and, as a result, the ultimate impact of the COVID-19 pandemic on the Corporation's business, financial condition, results of operations and cash flows is highly uncertain and subject to change.

In addition, continuing developments related to the COVID-19 pandemic or other unanticipated events could negatively impact the demand for, and price of, oil and gas, which in turn could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation's access to capital may become restricted or repayment could be required.

The Corporation's business plan is subject to the availability of additional financing for future costs of operations or expansion that might not be available or may not be available on favourable terms. If the Corporation's cash flow from operations is not sufficient to fund its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements on terms acceptable to the Corporation or at all, particularly if the Corporation's debt levels remain above industry standards. The Corporation's inability to raise capital could impede its growth and could materially adversely affect the business, financial condition, results of operations and cash flows of the Corporation.

The Corporation is required to comply with covenants under the Credit Agreement, the 1.5 Lien Notes Indenture and the Second Lien Notes Indenture. In the event that the Corporation does not comply with such covenants, the Corporation's access to capital could be restricted or repayment could be required. Such non-compliance could result from an impairment charge to the Corporation's capital assets, which is determined based on management's estimates and assumptions when certain internal and external factors indicate the need for the Corporation to assess its capital assets balance for impairment. If realized, these risks could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Even if the Corporation is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to the Corporation. If the Corporation is unable to repay amounts owing under the Credit Agreement, the 1.5 Lien Notes Indenture or the Second Lien Notes Indenture, the lenders could proceed to foreclose or otherwise realize upon any collateral granted to them to secure the indebtedness. The acceleration of the Corporation's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-default or cross-acceleration provisions. In addition, operating and financial restrictions exist under the Credit Agreement, the 1.5 Lien Notes Indenture and the Second Lien Notes Indenture, which include restrictions on the payment of dividends, repurchase or making of other distributions with respect to the Corporation's securities, incurrence of additional indebtedness, provision of guarantees, making of capital expenditures and entering into of certain transactions, among others.

The Corporation's industry is affected by excess equipment levels.

Because of the long-life nature of oilfield service equipment and the lag between when a decision to build additional equipment is made and when the equipment is placed into service, the quantity of oilfield service equipment in the industry does not always correlate with the level of demand for service equipment. Periods of high demand often spur increased capital expenditures on equipment, and those capital expenditures may add capacity that exceeds actual demand. Additionally, ESG factors have spurred increased investment in electric and Tier 4 emissions-rated fracturing pumps that could outstrip customer demand and/or exacerbate demand dynamics for conventional pressure pumping equipment. Such supply fundamentals could cause the Corporation or its competitors to lower pricing and could lead to a decrease in rates in the oilfield services industry generally, which could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation's direct and indirect exposure to volatile credit markets could adversely affect the Corporation's business.

The ability to make scheduled debt repayments, refinance debt obligations and access financing depends on the Corporation's financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain finance, business and other factors beyond its control. In addition, the Corporation's ability to refinance debt obligations and access financing is affected by credit ratings assigned to the Corporation and its debt. Continuing volatility in the credit markets could increase costs associated with debt instruments due to increased spreads over relevant interest rate benchmarks, or affect the ability of the Corporation, or third parties it seeks to do business with, to access those markets.

In addition, access to further financing for the Corporation or its customers remains uncertain. This condition could have an adverse effect on the industry in which the Corporation operates and its business, including future operating results. The Corporation's customers may curtail their drilling and completion programs, which could decrease demand for the Corporation's services and could increase downward pricing pressures. Further, certain customers could become unable to pay suppliers, including the Corporation, in the event they are unable to access the capital markets to fund their business operations. Such risks, if realized, could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The conversion of outstanding convertible securities or any additional equity or debt securities issued by the Corporation could be dilutive to the Corporation's shareholders.

The 1.5 Lien Notes are convertible at the holder's option into common shares of the Corporation at any time prior to the maturity date at a conversion price of $1.3325 per common share (on a post-Share Consolidation basis), being a ratio of approximately 750.469 common shares per $1,000 principal amount of 1.5 Lien Notes.

In the future the Corporation may issue additional securities to raise capital. The Corporation may also acquire interests in other companies by using a combination of cash and common shares or just common shares. The Corporation may also issue additional securities convertible into common shares.

The Corporation may also attempt to increase its capital resources by making additional offerings of debt, including senior or subordinated notes. Because the Corporation's decision to issue securities in any future offering will depend on market conditions and other factors beyond its control, the Corporation cannot predict or estimate the amount, timing or nature of future offerings.

Thus, holders of common shares bear the risk of the conversion of the 1.5 Lien Notes or future offerings reducing the market value of common shares.

Any difficulty in retaining, replacing or adding personnel could adversely affect the Corporation's business.

The Corporation may not be able to find enough skilled and/or unskilled labour to meet its needs, and this could limit growth. Shortages of qualified personnel have occurred in the past during periods of high demand. The demand for qualified oilfield services personnel generally increases with stronger demand for oilfield services and as new HP is brought into service. Increased demand typically leads to higher wages that may or may not be reflected in any increases in service rates.

Other factors, including the COVID-19 pandemic, can also affect the Corporation's ability to find enough employees to meet its needs. The nature of the Corporation's work requires skilled employees who can perform physically demanding work. Volatility in the oilfield services industry and the demanding nature of the work, however, may prompt employees to pursue other kinds of jobs that offer a more desirable work environment and wages competitive to the Corporation's. The Corporation's success depends on its ability to continue to employ and retain skilled technical personnel and qualified oilfield personnel. If the Corporation is unable to do so, it could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation's industry is intensely competitive.

Each of the markets in which the Corporation participates is highly competitive. To be successful, a service provider must provide services that meet the specific needs of oil and natural gas exploration and production companies at competitive prices. The principal competitive factors in the markets in which the Corporation operates are price, product and service quality and availability, technical knowledge, environmentally friendly equipment (such as electric or low emission pumps), experience and reputation for safety. The Corporation competes with large national and multi-national oilfield service companies that have extensive financial and other resources. These companies offer a wide range of well stimulation services and technologies in all geographic regions in which the Corporation operates. In addition, the Corporation competes with several regional competitors. As a result of competition, the Corporation may suffer from a significant reduction in revenue or be unable to pursue additional business opportunities.

If the Corporation is unable to obtain raw materials and component parts from its current suppliers it could have a material adverse effect on the Corporation's business.

The Corporation sources its raw materials, such as proppant, chemicals, nitrogen, and diesel fuel, and its component parts from a variety of suppliers in North America, Argentina and Russia. Should the Corporation's current suppliers be unable to provide the necessary raw materials and component parts at a price acceptable to the Corporation or otherwise fail to deliver products in the quantities required, including as a result of the COVID-19 pandemic, any resulting cost increases or delays in the provision of services to the Corporation's clients could have a material adverse effect on its business, financial condition, results of operations and cash flows.

Federal, provincial and state legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays.

The Canadian federal government, the United States Congress, the United States Environmental Protection Agency and other regulatory agencies in the United States continue to conduct investigations regarding the use and lifecycle of stimulation water and chemicals in the hydraulic fracturing process and the potential impacts on human health and the environment. In addition, most provincial, state and local governments with jurisdiction over oil and gas development have undertaken similar investigations and have implemented various conditions, rules, regulations and restrictions on hydraulic fracturing operations rather than waiting for federal implementation. Petitions and bills that assert that the fracturing process could adversely affect surface and/or ground water supplies, air quality and seismic events have been introduced in Congress and state legislatures. The proposed statutes have historically aimed to repeal the exemption for hydraulic fracturing under the Safe Drinking Water Act or enact moratoriums and/or bans on the use of hydraulic fracturing in the hydrocarbon extraction process.

Legislative and regulatory requirements currently in place or scheduled to become effective in certain provinces and/or states in 2021 include requirements regarding local government consultation, wellhead and pad setbacks, public and landowner notification and involvement, withdrawal of water for use in hydraulic fracturing of horizontal wells, baseline testing of nearby water wells, restrictions on which additives may be used, reporting with respect to spills, mandatory visual and noise mitigation measures as well as temporary or permanent bans on hydraulic fracturing. These types of requirements could subject the Corporation to increased costs, delays, limits on the productivity of certain wells and, possibly, limits on its ability to deploy its technology. The adoption of any future federal, provincial, state or local laws or implementing regulations in any of the jurisdictions in which the Corporation operates which impose additional permitting, disclosure or regulatory obligations related to, or otherwise limiting, the hydraulic fracturing process could make it more difficult to complete oil and natural gas wells and could affect the Corporation's ability to utilize proprietary technological developments to compete effectively in the pressure pumping industry. Such results could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

In November 2020, the United States elected a new President who took office in January 2021. The new Democratic presidential administration has indicated its intention to curtail energy operations on federal lands and pursue other regulatory initiatives, executive actions and legislation in support of a broader climate change agenda, which may impact hydraulic fracturing operations and other oil and natural gas exploration and production activities.

The operations of the Corporation's customers are also subject to or impacted by a wide array of regulations in the jurisdictions in which they operate. As a result of changes in regulations and laws relating to the oil and natural gas industry, customers' operations could be disrupted or curtailed by governmental authorities and the cost of compliance with applicable regulations may cause customers to discontinue or limit their operations and may discourage companies from continuing development activities. As a result, demand for the Corporation's services could be substantially affected by regulations adversely impacting the oil and natural gas industry.

Changes in environmental requirements may reduce demand for the Corporation's services. For example, oil and natural gas exploration and production could become less cost-effective and decline as a result of increasingly stringent environmental requirements (including land use policies responsive to environmental concerns and delays or difficulties in obtaining environmental permits). A decline in exploration and production, in turn, could materially and adversely affect the Corporation's business, financial condition, results of operations and cash flows.

Fluctuations in currency exchange rates could adversely affect the Corporation's business.

The Corporation's consolidated financial statements are reported in Canadian dollars. Accordingly, the results of the Corporation's foreign operations are directly affected by fluctuations in the exchange rates for United States, Argentinean and Russian currencies. For example, financial results from the Corporation's United States operations are denominated in United States dollars, so a decrease in the value of the United States dollar would decrease the Canadian dollar amount of such financial results from United States operations. In addition, a portion of the Corporation's debt is denominated in United States dollars, so a decline in the value of the Canadian dollar would increase the amount of reported debt in the Corporation's consolidated financial statements. Other than natural hedges arising from the normal course of business in foreign jurisdictions, the Corporation does not have any hedging positions.

The Corporation's foreign operations will expose it to risks from abroad, which could negatively affect its results of operations.

Some of the Corporation's operations and related assets are located in Argentina and Russia, which may be considered politically or economically unstable. Activities in such countries may require protracted negotiations with host governments, national oil and gas companies and third parties and are frequently subject to economic and political considerations, such as taxation, nationalization, expropriation, inflation, currency fluctuations, increased regulation and approval requirements, restrictions on the repatriation of income or capital, governmental regulation and the risk of actions by terrorist, criminal or insurgent groups, any of which could adversely affect the economics of exploration or development projects and the demand for the Corporation's well stimulation services which, in turn, could have a material adverse effect on its business, financial condition, results of operations and cash flows.

Additionally, operations outside of North America could also expose the Corporation to trade and economic sanctions or other restrictions imposed by the Canadian government or other governments or organizations, such as the sanctions issued by the Canadian and U.S. governments against Russia. Although management has implemented internal controls, procedures and policies that it believes to be adequate and customary in the industry and the countries where the Corporation operates, federal agencies and authorities may seek to impose a broad range of criminal or civil penalties against the Corporation or its representatives for violations of securities laws, foreign corrupt practices laws or other federal statutes, any of which could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation's customer base is concentrated, and loss of a significant customer could cause its revenue to decline substantially.

The Corporation's customer base consists of over 75 oil and natural gas exploration and production companies, ranging from large multi-national public companies to small private companies. Notwithstanding the Corporation's broad customer base, it had ten significant customers that collectively accounted for approximately 64% of its revenue for the year ended December 31, 2020, and, of such customers, five accounted for approximately 44% of the Corporation's revenue for the year ended December 31, 2020, and the largest customer accounted for approximately 14% of the Corporation's revenue. There can be no assurance that the Corporation's relationship with these customers will continue, and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, would have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Conservation measures and technological advances could reduce demand for oil and natural gas.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other hydrocarbons. The Corporation cannot predict the impact of changing demand for oil and natural gas products, and any major changes could have a material adverse effect on its business, financial condition, results of operations and cash flows.

The Corporation's operations are subject to hazards inherent in the oil and natural gas industry.

The Corporation's operations are subject to hazards inherent in the oil and natural gas industry, such as equipment defects, malfunction and failures, operator error and natural disasters which can result in fires, vehicle accidents, explosions and uncontrollable flows of natural gas or well fluids that can cause personal injury, loss of life, suspension of operations, damage to formations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment. These hazards could expose the Corporation to substantial liability for personal injury, wrongful death, property damage, loss of oil and natural gas production, pollution, contamination of drinking water and other environmental damages. The Corporation continuously monitors its activities for quality control and safety, and although the Corporation maintains insurance coverage that it believes to be adequate and customary in the industry, such insurance may not be adequate to cover potential liabilities and may not be available in the future at rates that the Corporation considers reasonable and commercially justifiable. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation is susceptible to seasonal volatility in its operating and financial results due to adverse weather conditions.

The Corporation's financial results are directly affected by the seasonal nature of the North American oil and natural gas industry, particularly in portions of western Canada and North Dakota. The first quarter incorporates the winter drilling season when a disproportionate amount of the activity takes place in western Canada and North Dakota. During the second quarter, soft ground conditions typically curtail oilfield activity in all of the Corporation's Canadian operating areas and its operating areas in North Dakota such that many rigs are unable to be moved due to road weight restrictions. This period, commonly referred to as "spring break-up", occurs earlier in the year in North Dakota and southeast Alberta than it does in northern Alberta and northeast British Columbia. Consequently, this is typically the Corporation's weakest three-month revenue period. Additionally, if an unseasonably warm winter prevents sufficient freezing, the Corporation might not be able to access well sites and its operating results and financial condition could therefore be adversely affected. The demand for fracturing and well stimulation services may also be affected by severe winter weather in North America and Russia. In addition, during excessively rainy periods in any of the Corporation's operating areas, equipment moves may be delayed, thereby adversely affecting revenue. The volatility in the weather adds a further element of unpredictability to activity and utilization rates, which can have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation is subject to legal and administrative proceedings which could have a material adverse effect on the Corporation, its business, financial condition, results of operations and cash flows.

From time to time, the Corporation is involved in legal and administrative proceedings which are usually related to normal operational or labour issues. In addition, the Corporation is subject to ongoing legal proceedings relating to the Plan of Arrangement that implemented the Recapitalization Transaction, which was completed on December 18, 2020. The results of such proceedings, or any new proceedings that may be commenced with respect to the Corporation, its business, the Plan of Arrangement or related matters, cannot be determined with certainty. The Corporation's assessment of the likely outcome of such matters is based on advice from external legal advisors, which is based on their judgment of a number of factors including the applicable legal or administrative framework, precedents, relevant financial and operational information and other evidence and facts specific to the matter as known at the time of the assessment. If these matters, or any matters which the Corporation may be subject to in the future, were to be determined in a manner adverse to the Corporation or if the Corporation elects to settle one or more of such matters, it could have a material adverse effect on the Corporation, its business, financial condition, results of operations and cash flows.

The Corporation is subject to a number of health, safety and environmental laws and regulations that may require it to make substantial expenditures or cause it to incur substantial liabilities.

The Corporation is subject to increasingly stringent and complex federal, provincial, state and local laws and regulations relating to the importation, release, transport, handling, storage, disposal and use of, and exposure to, hazardous and radioactive materials, and the protection of employees and the environment, including laws and regulations governing occupational health and safety standards, air emissions, chemical usage, water discharges, waste management and plant and wildlife protection. The Corporation incurs, and expects to continue to incur, significant capital, managerial and operating costs to comply with such health, safety and environmental laws and regulations. Violation of these laws and regulations could lead to loss of accreditation, damage to the Corporation's social license to operate, loss of access to markets and substantial fines and penalties which could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation uses and generates hazardous substances and wastes in its operations. Since the Corporation provides services to companies producing oil and natural gas, it may also become subject to claims relating to the release of such substances into the environment. In addition, some of the Corporation's current properties are, or have been, used for industrial purposes. Some environmental laws and regulations provide for joint and several strict liability related to spills and releases of hazardous substances for damages to the environment and natural resources or threats to public health and safety. Strict liability can render a potentially responsible party liable for damages irrespective of negligence or fault. Accordingly, the Corporation could become subject to potentially material liabilities relating to the investigation and cleanup of contaminated properties, and to claims alleging personal injury or property damage as the result of exposures to, or releases of, hazardous substances. In addition, stricter enforcement of existing laws and regulations, new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require the Corporation to incur costs or become the basis of new or increased liabilities that could reduce its earnings and cash available for operations.

Failure to maintain the Corporation's safety standards and record could lead to a decline in the demand for services.

Standards for the prevention of incidents in the oilfield services industry are governed by service company safety policies and procedures, accepted industry safety practices, customer specific safety requirements and health and safety legislation. In order to ensure compliance, the Corporation has developed and implemented safety and training programs which it believes meet or exceed the applicable standards. A key factor considered by customers in retaining oilfield service providers is safety. Deterioration of the Corporation's safety performance could result in a decline in the demand for the Corporation's services and could have a material adverse effect on its business, financial condition, results of operations and cash flows.

The Corporation's business could be adversely affected by the actions of activist shareholders and the reluctance of institutional investors to invest in the industry in which the Corporation operates.

In recent years, publicly traded companies have increasingly been subject to demands from activist shareholders advocating for changes to corporate governance practices, including executive compensation and ESG policies. There can be no assurance that activist shareholders will not publicly advocate for the Corporation to make changes to its approach to corporate governance. Responding to challenges from activist shareholders, such as proxy contests, media campaigns or other activities, could be costly and time-consuming, could have a negative impact on the Corporation's reputation and could divert the attention and resources of management and the board of directors, all of which could have an adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

In addition to risks associated with activist shareholders, some institutional investors are placing an increased emphasis on ESG factors when allocating their capital. These investors may implement policies that discourage investment in companies that operate in the oil and natural gas industry. To the extent certain institutional investors implement policies that discourage investment in our industry, it could have an adverse effect on our financing costs and access to capital. Additionally, if our reputation is diminished as a result of negative perceptions about the oil and natural gas industry, it could result in increased operational or regulatory compliance costs, lower shareholder confidence or loss of public support for our business.

The Corporation may be subject to certain reputational risks as a result of increased online scrutiny.

As a result of the widespread usage, speed and global reach of social media and other internet resources used to generate, publish and discuss user-generated content, companies today are at risk of losing control over how they are perceived in the marketplace. Damage to the Corporation's reputation may result from the actual or perceived occurrence of any number of events related to the Corporation's operational or ESG performance and could include negative publicity with respect to the Corporation's handling of environmental matters and social issues. While the Corporation is committed to protecting its image and reputation, it does not have direct control over how others perceive it. Reputation loss may lead to decreased shareholder confidence and impediments to the Corporation's ability to conduct its operations, with the potential to adversely affect the Corporation's business, financial condition, results of operations and cash flows.

The Corporation remains subject to ongoing litigation relating to the Plan of Arrangement.

The Plan of Arrangement includes certain releases that became effective upon the implementation of the Recapitalization Transaction in favour of certain released parties, as set out in the Plan of Arrangement. Furthermore, the Plan of Arrangement also provides that, from and after the effective time of the Plan of Arrangement, all persons shall be deemed to have consented and agreed to all of the provisions of the Plan of Arrangement in its entirety. Without limiting the foregoing, pursuant to the Plan of Arrangement, the released parties shall be released and discharged from all released claims in accordance with the Plan of Arrangement, the transactions contemplated thereunder, and any other actions or matters related directly or indirectly to the foregoing, subject to applicable exceptions. Notwithstanding the foregoing, the Corporation may still be subject to legal actions with regards to such released claims and related matters.

On March 1, 2021, the Corporation announced a modification of its prior disclosure relating to voting procedures for the Plan of Arrangement after the Corporation had become aware that one institutional shareholder of the Corporation purchased approximately $1 million of 1.5 Lien Notes pursuant to the pro rata offering made to qualified holders of the Senior Unsecured Notes. As disclosed, the Corporation and the institutional shareholder intend to rescind the subscription and cancel the applicable 1.5 Lien Notes without any entitlement to interest paid or payable following which the institutional shareholder will be returned its initial purchase price. The Corporation advised applicable regulators and announced its intention to advise the Court of Queen's Bench of Alberta in relation to this matter. On March 12, 2021, the Corporation announced that it had made a related application to the TSX for exemptive relief.

Ongoing legal actions relating to the Plan of Arrangement may be costly and could require the Corporation to defend such potential claims without recourse for legal costs incurred, even if the Corporation is successful. In addition, the outcomes of such litigation could have a material adverse effect on the Corporation, its business, financial condition, results of operations and cash flows.

The Corporation may become subject to claims or liabilities relating to its transaction with Denison Energy Inc. ("Denison"). The Corporation is subject to several legal actions in Greece relating to the operations of Denison and is unable to predict the consequences of these actions.

From time to time, there may be legal proceedings underway, pending or threatened against the Corporation relating to the business of Denison prior to its reorganization and subsequent acquisition of the Corporation. In March 2004, the Canadian petroleum and natural gas assets and the mining leases, mining environmental services and related assets and liabilities of Denison were transferred to two new corporations that provided indemnities to Denison for all claims or losses relating to Denison's prior business, except for matters related to specific liabilities retained by Denison. Despite these indemnities, it is possible that the Corporation could be found responsible for claims or losses relating to the assets and liabilities transferred by Denison and that claims, or losses may not be within the scope of either of the indemnities or may not be recoverable by the Corporation. Due to the nature of Denison's former operations (oil and natural gas exploration and production, mining and environmental services), these claims and losses could include substantial environmental claims. The Corporation cannot predict the outcome or ultimate impact of any legal or regulatory proceedings pending against Denison or affecting the Corporation's business or any legal or regulatory proceedings that may relate to Denison's prior ownership or operation of assets.

See the heading "Legal Proceedings" for particulars of the legal actions in Greece relating to the operations of Denison. The direction and financial consequence of the potential decisions in these actions cannot be determined at this time. If these actions were to be determined in a manner adverse to the Corporation or if the Corporation elects to settle one or more of such claims, it could have a material adverse effect on its business, financial condition, results of operations and cash flows.

Failure to continuously improve operating equipment and proprietary fluid chemistries could negatively affect the Corporation's results of operations.

The ability of the Corporation to meet its customers' performance and cost expectations will depend upon continuous improvements in operating equipment and proprietary fluid chemistries. There can be no assurance that the Corporation will be successful in its efforts in this regard or that it will have the resources available to meet this continuing demand. Failure by the Corporation to do so could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

There can be no assurance that the steps the Corporation takes to protect its intellectual property rights will prevent misappropriation or infringement.

The success and ability of the Corporation to compete depends on the proprietary technology of the Corporation, proprietary technology of third parties that has been, or is required to be, licensed by the Corporation and the ability of the Corporation and such third parties to prevent others from copying such proprietary technology. The Corporation currently relies on intellectual property rights and other contractual or proprietary rights, including (without limitation) copyright, trademark laws, trade secrets, confidentiality procedures, contractual provisions, licences and patents to protect its proprietary technology. The Corporation also relies on third parties from whom licences have been received to protect their proprietary technology. The Corporation may have to engage in litigation in order to protect its patents or other intellectual property rights, or to determine the validity or scope of the proprietary rights of others. This kind of litigation can be time-consuming and expensive, regardless of whether the Corporation is successful. The process of seeking patent protection can itself be long and expensive, and there can be no assurance that any patent applications of the Corporation or such third parties will actually result in issued patents, or that, even if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to the Corporation. Furthermore, others may develop technology that is similar or superior to the technology of the Corporation or such third parties or design technology in such a way as to bypass the patents owned by the Corporation and/or such third parties.

Despite the efforts of the Corporation or such third parties, the intellectual property rights, particularly existing or future patents, of the Corporation or such third parties may be invalidated, circumvented, challenged, infringed or required to be licensed to others. It cannot be assured that any steps the Corporation or such third parties may take to protect their intellectual property rights and other rights to such proprietary technology that is central to the Corporation's operations will prevent misappropriation or infringement or the termination of licenses from third parties.

Improper access to confidential information could adversely affect the Corporation's business.

The Corporation's efforts to protect its confidential information, as well as the confidential information of its customers, may be unsuccessful due to the actions of third parties, software bugs or other technical malfunctions, employee error or malfeasance, lost or damaged data as a result of a natural disaster, data breach, intentional harm done to software by hackers or other factors. If any of these events occur, this information could be accessed or disclosed improperly. Any incidents involving unauthorized access to confidential information could damage the Corporation's reputation and diminish its competitive position. In addition, the affected customers could initiate legal or regulatory action against the Corporation in connection with such incidents, which could cause the Corporation to incur significant expense. Any of these events could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation's reliance on equipment suppliers and fabricators exposes it to risks relating to the timing of delivery and quality of the equipment.

The Corporation's ability to expand its operations may, in part, depend upon timely delivery of new equipment and component parts. Equipment suppliers and fabricators may be unable to meet their planned delivery schedules for a variety of reasons which may include, but are not limited to, skilled labour shortages, the inability to source component parts in a timely manner, complexity of new technology and inadequate financial capacity. Failure of equipment suppliers and fabricators to meet their delivery schedules and to provide high quality working equipment and component parts may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation is exposed to third-party credit risk.

The Corporation's accounts receivable are with oil and natural gas exploration and production companies, whose revenues may be impacted by fluctuations in commodity prices. In the event such entities fail to meet their contractual obligations to the Corporation, such failures could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation is subject to cybersecurity risks.

Threats to information technology systems associated with cybersecurity risks and cyber incidents or attacks continue to grow. Cybersecurity attacks could include, but are not limited to, malicious software, attempts to gain unauthorized access to data and the unauthorized release, corruption or loss of data and personal information, account takeovers, and other electronic security breaches that could lead to disruptions in the Corporation's critical systems. Risks associated with these attacks include, among other things, loss of intellectual property, disruption of the Corporation's and the Corporation's customers' business operations and safety procedures, loss or damage to the Corporation's data delivery systems, unauthorized disclosure of personal information and increased costs to prevent, respond to or mitigate cybersecurity events. Although the Corporation uses various procedures and controls to mitigate its exposure to such risk, cybersecurity attacks are evolving and unpredictable. The occurrence of such an attack could go unnoticed for a period of time. Any such attack could have a material adverse effect on the Corporation's business, financial condition and results of operations.

The direct and indirect costs of various greenhouse gas regulations, existing and proposed, may adversely affect the Corporation's business, operations and financial results.

Future federal legislation, including potential international or bilateral requirements enacted under Canadian law, together with mandatory carbon pricing programs and emission reduction requirements, such as those contemplated by the federal government's Pan-Canadian Framework on Clean Growth and Climate Change and in effect at the federal level under the *Greenhouse Gas Pollution Pricing Act*, and in Alberta pursuant to the *Emissions Management and Climate Resilience Act.* Potential further federal or provincial requirements may impose additional costs on the Corporation's operations and require the reduction of emissions or emissions intensity from the Corporation's operations and facilities. Taxes on greenhouse gas emissions and mandatory emissions reduction requirements may result in increased operating costs and capital expenditures for oil and natural gas producers, thereby decreasing the demand for the Corporation's services. The federal carbon levy, mandatory emissions reduction programs and the industry emissions cap in Alberta may also impair the Corporation's ability to provide its services economically and reduce the demand for the Corporation's services. The Corporation is unable to predict the impact of current and pending climate change and emissions reduction legislation on the Corporation and it is possible that such legislation would have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Merger and acquisition activity among the Corporation's clients may constrain demand for the Corporation's services.

Merger and acquisition activity amongst oil and natural gas exploration and production companies may constrain demand for the Corporation's services as clients focus on reorganizing their businesses prior to committing funds to exploration and development projects. Further, the acquiring company may have preferred supplier relationships with oilfield service providers other than the Corporation.

The loss of one or more of the Corporation's key employees could have a material adverse effect on the Corporation's business.

The Corporation's success depends in large measure on certain key personnel. Many critical responsibilities within the Corporation's business have been assigned to a small number of employees. The loss of their services could disrupt the Corporation's operations. In addition, the Corporation does not maintain "key person" life insurance policies on any of its employees, so the Corporation is not insured against any losses resulting from the death of its key employees. The competition for qualified personnel in the oilfield services industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

Business acquisitions involve numerous risks and the failure to realize anticipated benefits of acquisitions and dispositions could negatively affect the Corporation's results of operations.

The Corporation considers acquisitions and dispositions of businesses and assets in the ordinary course of business. Any acquisition that the Corporation completes could have unforeseen and potentially material adverse effects on the Corporation's financial position and operating results. Some of the risks involved with acquisitions include unanticipated costs and liabilities; difficulty integrating the operations and assets of the acquired business; inability to properly access and maintain an effective internal control environment over an acquired company; potential loss of key employees and customers of the acquired company; and increased expenses and working capital requirements.

The Corporation may incur substantial indebtedness to finance acquisitions and may also issue equity securities in connection with any such acquisitions. Debt service requirements could represent a significant burden on the Corporation's results of operations and financial condition and the issuance of additional equity could be dilutive to the Corporation's shareholders.

Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of an acquired business may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. The inability of the Corporation to realize the anticipated benefits of acquisitions and dispositions could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

A successful reassessment by tax authorities of the Corporation's income (loss) calculations could have a material adverse effect on the Corporation's financial condition and cash flows.

The Corporation files all required income tax returns and believes that it is in full compliance with the provisions of applicable taxation legislation. However, tax authorities having jurisdiction over the Corporation may disagree with how the Corporation calculates its income (loss) for tax purposes or could change administrative practices to the Corporation's detriment.

A successful reassessment of the Corporation's income tax filings by a tax authority may have an impact on current and future taxes payable, which could have a material adverse effect on the Corporation's financial condition and cash flows.

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls.

The Corporation's ability to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. If the Corporation proved unable to deal with this growth, it could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Risk Factors Related to the Recapitalization Transaction

Certain risk factors relating to the Recapitalization Transaction, including risks specific to the 1.5 Lien Notes, are contained in the Special Meeting Circular under the heading "Risk Factors". The "Risk Factors" of the Special Meeting Circular are incorporated by reference into this annual information form. The Special Meeting Circular is available on SEDAR.

MARKET FOR SECURITIES

The Corporation's common shares are listed on the TSX under the symbol "CFW". The following table sets forth the monthly price ranges and volumes of trading of the common shares on the TSX during 2020.

Period	High $	Low $	Volume
January	1.27	0.93	2,518,339
February	1.06	0.62	1,560,263
March	0.75	0.13	8,841,399
April	0.325	0.20	5,435,371
May	0.25	0.17	7,948,377
June	0.48	0.16	56,362,611
July	0.19	1.10	19,070,020
August	0.165	0.145	5,299,418
September	0.17	0.135	9,132,482
October	0.205	0.145	12,824,025
November	0.32	0.16	8,338,958
December 1 to 28 (1)	0.34	0.10	24,862,375
December 29 to 31	9.00	3.65	643,465

Note:

(1) On December 18, 2020, the outstanding common shares of the Corporation were consolidated on a 50:1 basis pursuant to the Share Consolidation. The common shares commenced trading on a post-consolidation basis on December 29, 2020. The trading volumes and prices in the above table are expressed on a pre-Share Consolidation basis for January 1, 2020 to December 28, 2020, and on post-Share Consolidation basis for December 29, 2020 to December 31, 2020.

The Corporation's Warrants are listed on the TSX under the symbol "CFW.WT". The following table sets forth the monthly price ranges and volumes of trading of the Warrants on the TSX during 2020.

Period	High $	Low $	Volume
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	-	-	-
July	-	-	-
August	-	-	-
September	-	-	-
October	-	-	-
November	-	-	-
December 29 to 31(1)	4.50	1.21	196,061

Note:

(1) The Warrants were issued on December 18, 2020, pursuant to the Plan of Arrangement and commenced trading on the TSX on December 29, 2020.

PRIOR SALES

The following table summarizes issuances of the Corporation's outstanding securities that are not listed or quoted on a marketplace during the financial year ended December 31, 2020.

Date Issued	Type of Security[(1)]	Number/Amount Issued	Issue Price
February 14, 2020	10.875% second lien secured notes due 2026	US$120,000,100 aggregate principal amount	N/A[(3)]
March 4, 2020	Deferred Share Units	105,000 units[(2)]	N/A[(4)]
December 18, 2020	Series A 10.00% 1.5 lien senior secured convertible PIK Notes due 2023	$48,757,000 aggregate principal amount	N/A[(5)]
December 18, 2020	Series B 10.00% 1.5 lien senior secured convertible PIK Notes due 2023	$11,243,000 aggregate principal amount	N/A[(5)]

Notes:

(1) No stock options or performance share units of the Corporation were outstanding as of December 31, 2020.

(2) Issued to directors under the Corporation's deferred share unit plan. Expressed prior to consolidation of the deferred shares units on a 50:1 basis to reflect the Share Consolidation in accordance with the deferred share unit plan.

(3) Issued pursuant to the Exchange Offer as described under the heading "General Development of the Business – Financing and Capital Markets Activity".

(4) Each deferred share unit represents the right to receive a gross payment equal to the Market Value at the date of exercise, which date will be determined by the holder, subject to certain conditions. For the purposes of the deferred share unit plan, "Market Value" means, on any date, the weighted average trading price of a common share of the Corporation on the TSX during the last five trading days prior to that date.

(5) Issued pursuant to the Recapitalization Transaction as described under the heading "General Development of the Business – Financing and Capital Markets Activity – Recapitalization Transaction and Plan of Arrangement".

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The holders of common shares are entitled to receive notice of, and to one vote per share at, every meeting of shareholders of the Corporation, to receive such dividends as the board of directors declares, and to share equally in the assets of the Corporation remaining upon the liquidation of the Corporation after the creditors of the Corporation have been satisfied.

Warrants

The Corporation has, as of the date hereof, 5,798,064 Warrants outstanding. The holders of Warrants are entitled, at the option of the holder, to exercise each Warrant for one common share of the Corporation at an exercise price of $2.50 per common share at any time on or prior to December 18, 2023, subject to certain restrictions and customary adjustments.

Holders of Warrants are not entitled to receive notice of or to attend meetings of the Corporation's shareholders or to vote on any matter at meetings of holders of common shares. The holders of Warrants are also not entitled to receive dividends or to receive any portion of the remaining property and assets of the Corporation upon its dissolution or winding up.

1.5 Lien Convertible Secured Notes

The Corporation has $48,757,000 aggregate principal amount of Series A 10.00% 1.5 lien senior secured convertible PIK Notes due 2023 (the "Series A 1.5 Lien Notes") and $11,243,000 aggregate principal amount of Series B 10.00% 1.5 lien senior secured convertible PIK notes due 2023 outstanding (the "Series B 1.5 Lien Notes", and collectively with the Series A 1.5 Lien Notes, the "1.5 Lien Notes"). The 1.5 Lien Notes were issued in connection with the Recapitalization Transaction and Plan of Arrangement described under the heading "General Development of the Business – Recapitalization Transaction and Plan of Arrangement". The 1.5 Lien Notes were issued pursuant to an indenture entered into among the Corporation, Calfrac Holdings, Calfrac Well Services Corp. ("Calfrac Corp.") and

Computershare Trust Company of Canada, as trustee and collateral agent, dated as of December 18, 2020 (the "1.5 Lien Notes Indenture").

Fixed interest on the 1.5 Lien Notes is payable on March 15 and September 15 of each year, and the 1.5 Lien Notes will mature on December 18, 2023. The Corporation may elect to defer and pay in kind any interest accrued as of an interest payment date by increasing the unpaid principal amount of the 1.5 Lien Notes as at such date (each, a "PIK Interest Payment"), which PIK Interest Payment shall be allocated pro rata to all holders of 1.5 Lien Notes. Following each such increase in the principal amount of the 1.5 Lien Notes as a result of any PIK Interest Payment, the 1.5 Lien Notes will bear interest on such increased principal amount from and after the date of each such PIK Interest Payment. Upon repayment of the 1.5 Lien Notes, any interest which has accrued thereon but has not been capitalized as set forth above shall be paid in cash. The first interest payment on the 1.5 Lien Notes was paid in cash on March 15, 2021.

The 1.5 Lien Notes are fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by Calfrac Holdings and Calfrac Corp. (together with the Corporation, the "Obligors"). In addition, the 1.5 Lien Notes are secured by a senior priority security interest in all assets and properties of the Obligors (the "1.5 Priority Lien"). The 1.5 Priority Lien ranks second in priority only to the liens securing any obligations of the Obligors pursuant to the Credit Agreement (the "First Priority Lien") and ranks ahead of the liens securing any obligations of the Obligors pursuant to the Second Lien Notes (the "Second Priority Lien"), as set forth in and subject to the terms of the Intercreditor Agreements. The 1.5 Lien Note obligations secured by the 1.5 Priority Lien shall not otherwise be subordinated or postponed to the obligations of the Obligors under the First Priority Lien collateral documents or to any other obligations secured by the First Priority Lien. Subject to the applicable Intercreditor Agreement, the 1.5 Priority Lien forms part of the Obligors' senior secured obligations and ranks: (a) senior to all of the Obligors' future obligations, unsecured obligations and the obligations of the Obligors' in respect of the Second Lien Notes; and (b) junior to the obligations under the Credit Agreement.

The 1.5 Lien Notes are convertible at the holder's option into common shares in the capital of the Corporation at any time prior to the maturity date at a conversion price of $1.3325 per common share (on a post-Share Consolidation basis) (the "Conversion Price"), being a ratio of approximately 750.469 common shares per $1,000 principal amount of 1.5 Lien Notes. The Conversion Price is subject to standard anti-dilution adjustments upon, among other things, share consolidations, share splits, spin-off events, rights issues, reorganizations and for certain dividends or distributions to holders of common shares.

The Corporation has no right of redemption with respect to the 1.5 Lien Notes. Upon the occurrence of certain changes of control as defined in the 1.5 Lien Notes Indenture, the Corporation will be required to offer to repurchase all outstanding 1.5 Lien Notes at a purchase price equal to 101% of the aggregate principal amount of the 1.5 Lien Notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase.

The 1.5 Lien Notes Indenture contains usual and customary covenants, representations and warranties for a senior secured note issuance, as well as a prohibition on the issuance of any additional 1.5 Lien Notes in the future (other than pursuant to a PIK Interest Payment election) or any other indebtedness ranking senior or pari passu to the 1.5 Lien Notes in right of payment or security (other than certain permitted liens). Any additional permitted first priority indebtedness (or any refinancing thereof) incurred by the Corporation after the issue date of the 1.5 Lien Notes shall require compliance with the 1.5 Lien Notes Indenture, including the incurrence of indebtedness and permitted lien baskets, and shall be subject to the terms of the Intercreditor Agreements. In addition, the Corporation shall be required to obtain the written approval of holders of not less than 66 2/3% of the aggregate principal amount of the 1.5 Lien Notes (an "Extraordinary Resolution") to effect the following:

(a) amending the articles, by-laws or other constating documents of the Corporation or any of the other Obligors;
(b) altering or changing the rights, preferences or privileges of the common shares, or creating any class or series of shares on parity with or having preference over the common shares in any manner adverse to any of the holders of 1.5 Lien Notes;
(c) increasing the size of the board of directors of the Corporation from seven (7) members;
(d) making any change of control or similar payment to any director, officer or employee of the Obligors, resulting from the Recapitalization Transaction; and
(e) entering into or otherwise acquiescing in any agreement or arrangement containing covenants which restrict the ability of the Corporation to conduct any business in any material fashion.

If one or more 1.5 Lien Nominee Directors (as defined in the Investor Rights Agreement) fails to be elected as a director, then in addition to the matters described above, the Corporation may only effect the following by Extraordinary Resolution:

(a) any purchase, acquisition, sale, lease or disposition, through one transaction or a series of related transactions, involving a value, proceeds or cost in excess of $25 million; and
(b) entering into any related party transactions with a value in excess of $500,000 in the aggregate for any fiscal year of the borrower.

The Series B 1.5 Lien Notes may not be transferred to any direct or beneficial owner who is a resident of a country other than Canada, but otherwise the Series A 1.5 Lien Notes and the Series B 1.5 Lien Notes are treated as a single class for all purposes under the 1.5 Lien Notes Indenture, including with respect to all votes, consents, actions and waivers.

Second Lien Secured Notes

Calfrac Holdings has US$120,000,100 aggregate principal amount of 10.875% second lien secured notes due 2026 outstanding. The Second Lien Notes were issued in connection with the Exchange Offer described under the heading "General Development of the Business – Financing and Capital Markets Activity". The Second Lien Notes were issued pursuant to an indenture entered into among Calfrac Holdings, the Corporation, Calfrac Corp. and Wilmington Trust, National Association, as trustee and collateral agent, dated as of February 14, 2020 (the "Second Lien Notes Indenture"). Fixed interest on the Second Lien Notes is payable on March 15 and September 15 of each year, and the Second Lien Notes will mature on March 15, 2026.

The Second Lien Notes are fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by Calfrac Holdings and Calfrac Corp. In addition, the Second Lien Notes are secured by the Second Priority Lien. The Second Priority Lien ranks second in priority only to the First Priority Lien and the 1.5 Priority Lien, as set forth in and subject to the terms of the Second Lien Intercreditor Agreement. The Second Lien Note obligations secured by the Second Priority Lien shall not otherwise be subordinated or postponed to the obligations of the Obligors under the Second Lien Notes collateral documents or to any other obligations secured by the First Priority Lien or the 1.5 Priority Lien. Subject to the Second Lien Intercreditor Agreement, the Second Priority Lien forms part of the Obligors senior secured obligations and ranks: (a) senior to all of the Obligor's future obligations and unsecured obligations; and (b) junior to the obligations under the Credit Agreement and 1.5 Lien Notes Indenture.

The Second Lien Notes are redeemable, in whole or in part, at any time on or after March 15, 2021 at fixed redemption prices plus accrued and unpaid interest, if any, to, but not including, the redemption date. In addition, Calfrac Holdings may be required to make an offer to purchase the Second Lien Notes upon the sale of certain assets and upon certain change of control transactions.

DIVIDENDS

On February 24, 2016, the Corporation announced that, due to the challenging market conditions in the oilfield services industry, its board of directors determined to suspend the Corporation's dividend until further notice. The payment of any dividend is at the discretion of the board of directors and depends on the financial condition of the Corporation and other factors.

The Credit Agreement provides that the Corporation must not pay dividends if its net total debt-to-EBITDA ratio exceeds 5.0x. In addition, the 1.5 Lien Notes Indenture and Second Lien Notes Indenture contain restrictions on the Corporation's ability to make certain payments, including dividends, in circumstances where: (i) the Corporation is in default under the indenture or the making of such payment would result in a default; (ii) the Corporation is not meeting the fixed charge coverage ratio under the indenture of at least 2.0:1 for the most recent four fiscal quarters; or (iii) there is insufficient room for such payment within the applicable builder basket included in the indenture (provided, however, that the 1.5 Lien Notes Indenture has a further limitation that restricts reliance on its builder basket to make a restricted payment until after December 18, 2021). 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 to be made in an aggregate amount of up to US$20.0 million. As at December 31, 2020, such baskets were not utilized.

DIRECTORS AND OFFICERS

Directors and Officers

The following table sets forth information with respect to the current directors and executive officers of the Corporation.

Name and Residence	Position with the Corporation	Director Since	Principal Occupation During the Last Five Years
Ronald P. Mathison(1) Alberta, Canada	Executive Chairman of the Board and a Director	March 8, 2004(2)	Chairman, MATCO Investments Ltd. (a private investment company). Also, Executive Chairman of Calfrac since June 10, 2019.
Douglas R. Ramsay(3) Alberta, Canada	Vice Chairman and a Director	March 24, 2004	Vice Chairman since January 27, 2014. Prior thereto, Chief Executive Officer from November 1, 2010 until January 1, 2014.
George Armoyan(4)(5) Halifax, Canada	Director	December 18, 2020	Executive Chairman and Secretary of G2S2 Capital Inc. (a private investment company). Also, President of Armco Capital Inc., and Chairman, President & CEO of Clarke Inc.
Anuroop Duggal(4)(5)(6) Toronto, Canada	Director	December 18, 2020	Private investor since 2018. Prior thereto, Partner of 3G Capital, an asset management firm.
Gregory S. Fletcher(3)(4)(5)(6)(7) Alberta, Canada	Lead Director	May 8, 2002(2)	President of Sierra Energy Inc., a private energy company.
Lorne A. Gartner(3)(4)(5)(6) Alberta, Canada	Director	May 11, 2010	Independent businessman.
Lindsay R. Link Alberta, Canada	President and Chief Operating Officer and a Director	June 10, 2019	President and Chief Operating Officer since June 10, 2019. Prior thereto, Chief Operating Officer from January 1, 2015 to June 10, 2019. Prior thereto, President, U.S. Division since February 1, 2013.
Michael D. Olinek Alberta, Canada	Chief Financial Officer		Chief Financial Officer since February 23, 2017. Prior thereto, Vice President, Finance and Interim Chief Financial Officer since March 4, 2016. Prior thereto, Vice President, Finance since April 1, 2011.
Gordon T. Milgate Alberta, Canada	President, Canadian Division		President, Canadian Division since May 5, 2020. Prior thereto, Vice President, Operations, Canadian Division since March 1, 2018. Prior thereto, Director Operations, Canadian Division since June 15, 2015.
Robert L. Sutherland Alberta, Canada	President, Russian Division		President, Russian Division since September 1, 2007.
Fred L. Toney Colorado, United States	President, U.S. Division		President, U.S. Division since October 21, 2014.

Name and Residence	Position with the Corporation	Director Since	Principal Occupation During the Last Five Years
Marco A. Aranguren Buenos Aires, Argentina	Director General, Argentina Division		Director General, Argentina Division since September 30, 2019. Prior thereto, Senior Manager, Service Delivery, U.S. Division since August 1, 2017. Prior thereto, Project Manager, U.S. Division since December 28, 2015.
J. Michael Brown Colorado, United States	Vice President, Technical Services		Vice President, Technical Services since April 6, 2015. Prior thereto, Senior Vice President, Technology of Independence Oilfield Chemicals since July 19, 2012.
Mark R. Ellingson Texas, United States	Vice President, Sales and Marketing, U.S. Division		Vice President, Sales and Marketing, U.S. Division since September 1, 2015. Prior thereto, Manager, Sales and Marketing, U.S. Division since February 2011.
Chris K. Gall Alberta, Canada	Vice President, Global Supply Chain		Vice President, Global Supply Chain since April 1, 2011. Prior thereto, Director, Global Supply since February 1, 2010.
Edward L. Oke Alberta, Canada	Vice President, Human Resources		Vice President, Human Resources since September 17, 2012. Prior thereto, Vice President, Human Resources and Health and Safety of Trinidad Drilling Ltd. since August 11, 2008.
B. Mark Paslawski Alberta, Canada	Vice President, Corporate Development, and Corporate Secretary		Vice President, Corporate Development and Corporate Secretary since July 30, 2020. Vice President, Corporate Development since February 23, 2017. Prior thereto, Vice President, General Counsel and Corporate Secretary since December 17, 2007.
Gary J. Rokosh Alberta, Canada	Vice President, Business Development, Canadian Division		Vice President, Business Development, Canadian Division since September 1, 2015. Prior thereto, Vice President, Sales, Marketing and Engineering, Canadian Division since September 13, 2010.
Mark D. Rosen Texas, United States	Vice President Operations, U.S. Division		Vice President, Operations, U.S. Division since March 1, 2018. Prior thereto, Director, Operations, U.S. Division since October 18, 2016. Prior thereto, Vice President, Central and Northeast Marketplaces for Key Energy Services since April 2013.
Scott A. Treadwell Alberta, Canada	Vice President, Capital Markets and Strategy		Vice President, Capital Markets and Strategy since March 13, 2017. Prior thereto, Director, Energy Services Research for TD Securities since November 2014.

Notes:

(1) Mr. Mathison was appointed Executive Chairman effective June 10, 2019.
(2) Service prior to March 24, 2004 was as a director of Denison.
(3) Member of the Health, Safety and Environment Committee.
(4) Member of the Compensation Committee.
(5) Member of the Corporate Governance and Nominating Committee.
(6) Member of the Audit Committee.
(7) Mr. Fletcher was appointed Lead Director effective June 10, 2019.
(8) Each director holds office until the close of the annual meeting to be held on May 4, 2021.

As at March 25, 2021, the directors and executive officers of the Corporation beneficially owned, or controlled and directed, directly or indirectly, an aggregate of 12,166,656 common shares, representing approximately 32.5% of the 37,434,628 issued and outstanding common shares.

Cease Trade Orders or Bankruptcies

To the knowledge of the Corporation, none of the current directors or executive officers of the Corporation is, as at the date of this annual information form, or has been, within 10 years before the date of this annual information form, a director, chief executive officer or chief financial officer of any company that:

(a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "Order") and that was issued while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer of the company being the subject of such an Order, and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of the Corporation, other than as described below, none of the directors or executive officers of the Corporation:

(a) is, at the date of this annual information form, or has been within 10 years before the date of this annual information form, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within 10 years before the date of this annual information form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

All of the directors and executive officers of the Corporation listed in the above table, except for Messrs. Armoyan and Duggal, served as directors and executive officers of the Corporation throughout the Recapitalization Transaction and Plan of Arrangement described in "General Development of the Business – Financing and Capital Market Activities – Recapitalization Transaction and Plan of Arrangement".

Messrs. Mathison and Gartner were directors of Tesla Exploration Ltd. ("Tesla"). On July 25, 2016, Messrs. Mathison and Gartner resigned as directors of Tesla and Tesla was placed into receivership by its Canadian credit facility lender.

Penalties or Sanctions

To the knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the knowledge of the Corporation, other than as set forth below, there are no known existing or potential conflicts of interest between the Corporation or a subsidiary of the Corporation and a director or officer of the Corporation or a subsidiary of the Corporation.

G2S2 Capital Inc. ("G2S2") and Clarke Inc. ("Clarke"), investment companies controlled by George and Simé Armoyan, are investors in the Corporation and certain of the Corporation's competitors, including Trican Well Service Ltd. It is therefore possible that situations may arise where there is an actual or potential conflict between Mr. Armoyan's duties as a director of the Corporation and his investment interests in Trican Well Services Ltd. and other competitors of the Corporation through his control of G2S2 and Clarke.

In addition G2S2, Clarke and MATCO Investments Ltd. ("MATCO"), an investment company controlled by Ronald P. Mathison, are significant holders of 1.5 Lien Notes. It is therefore possible that situations may arise where there is an actual or potential conflict between Mr. Armoyan's and Mr. Mathison's duties as a director of the Corporation and their respective investments in the 1.5 Lien Notes.

These and any other existing or potential conflicts of interest that arise are subject to and governed by the Corporation's Code of Business Conduct and the law applicable to directors' and officers' conflicts of interest. In accordance with applicable laws, the directors of the Corporation are required to act honestly, in good faith and in the best interests of the Corporation. In addition, a director shall not vote on any resolution of the board of directors if an existing or potential conflict of interest is identified with respect to a director and the relevant subject matter of the resolution, except in limited circumstances.

LEGAL PROCEEDINGS

Greek Legal Proceedings

As a result of the acquisition and amalgamation with Denison in 2004, the Corporation 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 Corporation), 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 compensation was 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 Corporation has been served with three separate payment orders, one on March 24, 2015 and two others on December 29, 2015. The Corporation was also served with an enforcement order on November 23, 2015. Provisional orders granting a temporary suspension of any enforcement proceedings have been granted in respect of all of these orders. Hearings in respect of each of the orders have been held, and in each case, decisions were rendered accepting the Corporation's position. All of these decisions were appealed, but the favorable judgements have all been confirmed in the Corporation's favor. The plaintiffs have filed petitions for cassation against three of the appeal judgements, and will have 30 days to file a petition for cassation following the service of the remaining judgment once it has been certified. No hearings have been scheduled for the three pending cassation petitions.

NAPC is also the subject of a claim by the Greek social security agency for social security obligations associated with the salaries in arrears that are the subject of the above-mentioned decision, and penalties and interest payable on such amounts.

Wilks Brothers' Appeals in respect of the Recapitalization Transaction and Plan of Arrangement

On December 11, 2020, Wilks Brothers and its affiliated funds filed a notice of appeal to the United States District Court for the Southern District of Texas ("U.S. District Court") appealing the Chapter 15 Recognition and Enforcement Order and the closing of the Corporation's and its subsidiaries' Chapter 15 cases (the "Chapter 15 Appeal"). On January 8, 2021, the Corporation and certain of its subsidiaries filed (i) a motion to dismiss the Chapter 15 Appeal as equitably moot (the "Dismissal Motion"), and (ii) a motion to hold the merits briefing of the Chapter 15 Appeal in abeyance pending resolution of the Dismissal Motion (the "Abeyance Motion"). On February 9, 2021, the U.S. District Court denied the Dismissal Motion and Abeyance Motion. The Corporation expects briefing on the merits of the Chapter 15 Appeal to be complete on or before April 1, 2021. The U.S. District Court will set a hearing on the Chapter 15 Appeal to occur after the conclusion of briefing, and the timing of such hearing is uncertain. The Corporation believes it is well-positioned to prevail on the merits of the Chapter 15 Appeal or in having the appeal dismissed.

On January 29, 2021, Wilks Brothers and its affiliated funds filed an application at the Supreme Court of Canada seeking leave to appeal the December 1, 2020 decision of the Court of Appeal of Alberta upholding the CBCA Final Order. The Supreme Court of Canada opened its file with respect to the leave to appeal application on March 10, 2021. The Corporation's deadline to respond to the leave to appeal application is April 9, 2021. The Corporation believes it is well-positioned to succeed in having the leave to appeal application dismissed.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed below and elsewhere in this annual information form, none of our directors or executive officers, nor any shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding common shares, nor any known associate or affiliate of such persons, had a material interest, direct or indirect, in any transaction within the last three fiscal years nor in any proposed transaction that has materially affected or is reasonably expected to materially affect the Corporation.

Commitment Letter

In connection with the Recapitalization Transaction, the Corporation entered into a commitment letter dated as of July 13, 2020, among the Corporation, MATCO, G2S2, certain Senior Unsecured Noteholders forming part of an ad hoc committee of noteholders, and the Additional Commitment Parties that executed a Commitment Joinder Agreement from time to time in accordance with the terms of the Commitment Letter (as amended, restated or supplemented from time to time) (the "Commitment Letter"). Pursuant to the Commitment Letter, each Commitment Party: (a) agreed to purchase 1.5 Lien Notes representing its respective Commitment Pro Rata Share of the initial commitment amount of $45.0 million; and (b) each Commitment Party (other than MATCO) agreed to backstop any shortfall of the $15.0 million pro rata offering of 1.5 Lien Notes to all holders Senior Unsecured Notes that was not taken up, according to its respective Shortfall Commitment.

On December 18, 2020, pursuant to the Commitment Letter MATCO subscribed for $11,243,000 Series B 1.5 Lien Notes and G2S2 and Clarke Inc. Master Trust ("Clarke Trust"), an Additional Commitment Party controlled by George and Simé Armoyan, subscribed for $23,302,000 and $2,781,000 Series A 1.5 Lien Notes, respectively.

In consideration for backstopping the pro rata offering of 1.5 Lien Notes, each Commitment Party (other than MATCO) was entitled to its share of the Commitment Consideration Shares as a fee, which number of common shares was determined by dividing $1.5 million by the Conversion Price. On December 29, 2020, G2S2 and Clarke Trust received 696,390 and 38,023 Commitment Consideration Shares, respectively. Clarke Trust subsequently sold all of its common shares, including the common shares it received pursuant to the Senior Unsecured Notes Exchange as discussed below under the "Noteholder Support Agreements" heading.

The Commitment Letter also provided for the entitlements to the rights under the Investor Rights Agreement and Registration Rights Agreement as set forth below.

A summary of the Commitment Letter is available in the Special Meeting Materials and a copy is filed on SEDAR.

Noteholder Support Agreements

In connection with the Recapitalization Transaction, the Corporation entered into support agreements dated July 13, 2020, with certain holders of the outstanding Senior Unsecured Notes, as amended, modified, and/or supplemented from time to time (the "Noteholder Support Agreements").

Pursuant to the Noteholder Support Agreements, the Consenting Noteholders each agreed, among other things and subject to the terms of the Noteholder Support Agreements: (i) to vote all of its Senior Unsecured Notes and common shares, as applicable, in favour of the Plan of Arrangement; (ii) not to take any action, directly or indirectly, that was inconsistent with its obligations under the Noteholder Support Agreement or that would frustrate, hinder or delay the consummation of the Recapitalization Transaction; (iii) to forbear from enforcing any right, taking any action or initiating any proceeding in respect of any non-payment by the Corporation of interest in respect of the Senior Unsecured Notes during the term of the Noteholder Support Agreements; and (iv) to forbear from exercising any remedies, powers or privileges, or from instituting any enforcement actions or collection actions with respect to any obligations under the Senior Unsecured Notes in connection with the Recapitalization Transaction.

On December 18, 2020, as Early Consenting Noteholders and pursuant to the Senior Unsecured Notes Exchange, G2S2 and Clarke Trust were issued 10,820,108 and 2,607,720 common shares of the Corporation, respectively.

A summary of the Noteholder Support Agreements is available in the Special Meeting Materials and a copy is filed on SEDAR.

Registration Rights Agreement

Under the Registration Rights Agreement, G2S2 and MATCO were granted demand registration rights pursuant to which such parties (and certain other 1.5 Lien Note investors) may require the Corporation to file a prospectus with the Canadian securities administrators qualifying the common shares owned by such parties for sale in Canada. The agreement also grants piggyback registration rights to the investor parties in the event that the Corporation proposes to distribute common shares by way of a prospectus, which rights allow G2S2 and MATCO to require the Corporation in certain circumstances to include common shares owned by G2S2 and MATCO in such prospectus distribution.

Investor Rights Agreement

Pursuant to the Investor Rights Agreement, so long as they continue own at least 50% of their respective initial 1.5 Lien Notes, each of G2S2, MATCO and one investor from the Ad Hoc Group of Noteholders are entitled to (i) nominate one director to the board of directors of the Corporation, and (ii) have their respective board nominees serve on the Compensation Committee and Corporate Governance and Nominating Committee. Immediately subsequent to the closing of the Recapitalization Transaction, Mr. Armoyan was appointed to the board of directors as G2S2's director nominee and Mr. Mathison was designated as the director nominee of MATCO. MATCO has waived its participation rights with respect to its nominee serving on the Compensation Committee and Corporation Governance and Nominating Committee.

The Investor Rights Agreement also provides the investor parties thereto, including G2S2 and MATCO, with anti-dilution rights providing for the opportunity to subscribe for their pro rata portion, on an as-converted common share basis, of any proposed issuance, sale or exchange of equity or debt securities (or securities convertible or exchangeable into equity or debt securities, excluding employee compensation securities under board of directors approved compensation plans), subject to certain conditions.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Corporation's common shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta, and Toronto, Ontario.

The transfer agent and registrar for the Corporation's Warrants is Computershare Trust Company of Canada at its principal office in Calgary, Alberta.

The transfer agent, paying agent and registrar for the Corporation's 1.5 Lien Notes is Computershare Trust Company of Canada at its principal office in Calgary, Alberta.

The transfer agent, paying agent and registrar for Calfrac Holdings' Second Lien Notes is Wilmington Trust, National Association at its principal office in Minneapolis, Minnesota.

MATERIAL CONTRACTS

The Corporation and/or its subsidiaries, as applicable, have entered into the following material contracts since the beginning of the Corporation's most recently completed financial year or before the Corporation's most recently completed financial year if any such contract is still in effect, and which are outside of the ordinary course of the Corporation's business. A description and summary of each material contract listed below has been cross-referenced in this annual information form, where applicable:

1. ***Credit Agreement*** – see "General Development of the Business – Financing Arrangements".

2. ***1.5 Lien Notes Indenture*** – see "Capital Structure – 1.5 Lien Notes". Also, in addition to the restrictions under the 1.5 Lien Notes Indenture with respect to the Corporation's ability to make certain payments, as described under the heading "Dividends", the 1.5 Lien Notes Indenture also contains restrictions on the Corporation's 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 2.0:1. As is the case with restricted payments, there are a number of exceptions to this prohibition on the incurrence of additional indebtedness, including: (1) the incurrence of additional debt under the indenture's credit facilities basket of up to the greater of $375.0 million or 30% of the Corporation's consolidated tangible assets; (2) the incurrence of additional debt up to the greater of US$60.0 million or 4% of the Corporation's consolidated tangible assets; and (3) a restriction that any indebtedness incurred in excess of $290.0 million under the credit facilities basket shall be junior in priority the 1.5 Priority Lien. The 1.5 Lien Notes Indenture includes restrictions on certain investments, including certain investments in non-Obligor subsidiary entities, however, the indenture includes several specific exceptions and baskets for investments in non-Obligor subsidiaries, including a general basket of US$10.0 million and baskets related to prepayments and importation-related manufacturing commitments which aggregate over US$12.0 million.

3. ***Second Lien Notes Indenture*** – see "Capital Structure – Second Lien Notes". Additionally, the Second Lien Notes Indenture has similar restrictions with respect to the incurrence of additional indebtedness as the restrictions under the 1.5 Lien Notes Indenture described above, with the exception that the $290.0 million permitted lien restriction for the credit facilities basket cited above does not apply and there are no restrictions on investments in non-Obligor subsidiary entities.

4. ***Registration Rights Agreement*** – see "General Development of the Business – Financing Arrangements – Recapitalization Transaction and Plan of Arrangement" and "Interests of Management and Others in Material Transactions".

5. ***Investor Rights Agreement*** – see "General Development of the Business – Financing Arrangements – Recapitalization Transaction and Plan of Arrangement" and "Interests of Management and Others in Material Transactions".

6. ***Commitment Letter*** – see "Interests of Management and Others in Material Transactions".

7. ***Noteholder Support Agreements*** – see "Interests of Management and Others in Material Transactions".

8. ***Shareholder Rights Plan Agreement between the Corporation and Computershare Trust Company of Canada, as Rights Agent, dated as of December 18, 2020, providing for the adoption and terms of the shareholders rights plan approved by shareholders of the Corporation at the special meeting held on October 16, 2020*** – a detailed summary of the shareholders right plan is available in Appendix "K" of the Special Meeting Circular, which is available on SEDAR.

9. ***Intercreditor and priority agreement dated February 14, 2020, among the Corporation, Calfrac Holdings and Calfrac Corp., as debtors, Wilmington Trust, National Association, as trustee and collateral agent for the holders of the Second Lien Notes and HSBC Bank Canada, as agent under the Credit Agreement, as supplemented by the intercreditor agreement joinder no. 1 dated as of December 18, 2020 delivered by Computershare Trust Company of Canada, as trustee and collateral agent for the holders of 1.5 Lien Notes (the "Second Lien Intercreditor Agreement")*** – the Second Lien Intercreditor Agreement governs the rights and priorities in respect of the collateral securing the obligations under the Second Lien Notes and the First Lien Obligations (which includes the obligations under the Credit Agreement (and related cash management obligations and hedging obligations) and Permitted Additional First Lien Obligations (as defined therein, and which includes the obligations under the 1.5 Lien Notes). The Second Lien Intercreditor Agreement is substantially similar to the First Lien Intercreditor Agreement (as defined below) and provides that, among other things: (a) the First Priority Lien, the 1.5 Priority Lien and any other liens securing Permitted Additional First Lien Obligations (collectively "First Lien Obligations") rank senior to the Second Priority Lien; (b) subject to certain standstill provisions, if any obligations remain outstanding under the First Lien Obligations, the First Lien Obligations agents will have the sole power to exercise remedies against the collateral.

10. ***Intercreditor and priority agreement dated December 18, 2020, among the Corporation, Calfrac Holdings and Calfrac Corp., as debtors, Computershare Trust Company of Canada, as trustee and collateral agent for the holders of 1.5 Lien Notes and HSBC Bank Canada, as agent under the Credit Agreement (the "First Lien Intercreditor Agreement" and together with the Second Lien Intercreditor Agreement, the "Intercreditor Agreements") –*** the First Lien Intercreditor Agreement governs the rights and priorities in respect of the collateral securing the obligations under the 1.5 Lien Notes and the obligations under the Credit Agreement (and related cash management obligations and hedging obligations). The First Lien Intercreditor Agreement is substantially similar to the Second Lien Intercreditor Agreement and provides that, among other things: (a) the First Priority Lien ranks senior to the 1.5 Priority Lien; and (b) subject to certain standstill provisions, if any obligations remain outstanding under the Credit Agreement, the first lien agent will have the sole power to exercise remedies against the collateral.

***

The summaries of the terms of the material contracts set forth above and elsewhere in this annual information form do not purport to be complete and are qualified in their entirety by the express terms of the applicable contract. Copies of the above-listed material contracts are available on SEDAR.

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP has prepared the auditor's report on the consolidated financial statements of the Corporation for the year ended December 31, 2020. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The Corporation's Audit Committee charter sets out the committee's purpose, organization, duties and responsibilities. A copy of the charter is attached hereto as Appendix "A".

Composition of Audit Committee

The Corporation's Audit Committee is comprised of Gregory S. Fletcher (Chair), Anuroop Duggal and Lorne A. Gartner, all of whom are financially literate and independent, as such terms are defined in National Instrument 52-110 – Audit Committees.

Relevant Education and Experience

Gregory S. Fletcher

Mr. Fletcher has served as a member of the Corporation's board of directors since May 2002. Mr. Fletcher is an independent businessman involved in the oil and natural gas industry in western Canada. He is currently the President of Sierra Energy Inc., a private oil and natural gas company that he founded in 1997. Mr. Fletcher is also a director of Peyto Exploration & Development Corp., a public oil and natural gas company, and a director of Whitecap Resources Inc., a public oil and natural gas company. In these roles, Mr. Fletcher has acquired significant experience and exposure to accounting and financial reporting issues. During 2009, Mr. Fletcher completed the Director Education Program developed by the Institute of Corporate Directors and the Rotman School of Management in conjunction with the Haskayne School of Business. Mr. Fletcher holds a BSc. in geology from the University of Calgary.

Anuroop Duggal

Mr. Duggal is a private investor with significant institutional investing experience within the global energy sector. He was a partner at 3G Capital, a global multi-billion dollar asset manager, where he helped launch, manage, and grow a natural resource focused equity and credit fund. Prior to that, he was an investor with Goldman Sachs Investment Partners. Mr. Duggal is also an Adjunct Professor for the MBA program at Columbia Business School, where he teaches value investing courses through the Heilbrunn Center for Graham & Dodd Investing.

Lorne A. Gartner

Mr. Gartner is an independent businessman. From May 2000 until March 2006, he was the Managing Director of Royal Bank of Canada Capital Markets based out of Houston, Texas. In this position, Mr. Gartner was responsible for overseeing the bank's United States energy portfolio. Prior to that time, he was a Vice President of Royal Bank of Canada, Calgary Energy Group. Mr. Gartner has over 40 years of banking experience in Canada with an excess of 20 years' experience in energy banking and has a Bachelor of Commerce Degree from the University of Alberta with a specialization in finance.

Pre-Approval Policies and Procedures

The Corporation's Audit Committee mandate requires the Audit Committee to pre-approve all non-audit services to be provided to the Corporation or any of its subsidiary entities by the Corporation's external auditor or the external auditor of the Corporation's subsidiary entities, provided that the Audit Committee may satisfy the pre-approval requirement by either delegating to one or more members of the Audit Committee the authority to pre-approve non-audit services or adopting specific policies and procedures for the engagement of non-audit services.

External Audit Fees by Category

PricewaterhouseCoopers LLP has served as the Corporation's external auditor since its formation in 1999. The following table lists the fees paid to PricewaterhouseCoopers LLP, by category, for the last two fiscal years.

	Year Ended	
	December 31, 2020	**December 31, 2019**
Audit fees	$498,868	$459,606
Audit-related fees	$92,625	$102,375
Tax-related fees	$71,884	$96,091
All other fees	$108,465	$45,098
Total fees	$771,842	$700,170

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of the Corporation's annual financial statements or services provided in connection with statutory and regulatory filings or engagements, as well as Recapitalization Transaction audit procedures.

Audit-related Fees

Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual and interim financial statements and are not reported under the audit fees item above, including accounting consultations and advice relating to various technical accounting issues and new accounting pronouncements.

Tax-related Fees

Tax-related fees were paid for professional services relating to tax compliance, tax advice and tax planning.

All Other Fees

All other fees relate to fees payable for products or services other than the audit fees, audit-related fees and tax fees described above, including fees paid for services in connection with the Exchange Offer and the Spanish translation of the Corporation's consolidated financial statements.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issue under equity compensation plans, is contained in the Corporation's management information circular for the annual general meeting of shareholders held on May 5, 2020. Notwithstanding the foregoing, the Corporation's standalone stock option plan and performance share unit plan, together with all entitlements thereunder, were terminated pursuant to the Plan of Arrangement, and the Corporation has adopted an Omnibus Incentive Plan as its equity compensation plan effective as of December 18, 2020. The Omnibus Incentive Plan was approved at the October 16, 2020 special meeting of shareholders of the Corporation, and the terms thereof are summarized in the Special Meeting Circular, which is available on SEDAR.

Additional financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the year ended December 31, 2020.

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com.

APPENDIX "A"

CALFRAC WELL SERVICES LTD.

AUDIT COMMITTEE CHARTER

1. **Calfrac Audit Committee**: The board of directors (the "Board") of Calfrac Well Services Ltd. ("Calfrac") shall appoint an audit committee (the "Committee") that shall have the mandate and responsibilities set out in this charter.

2. **Membership**: The Committee shall be constituted as follows.

(a) The Committee shall be composed of not less than three members.

(b) All members of the Committee shall be independent within the meaning set forth in National Instrument 52-110 – *Audit Committees* ("NI 52-110").

(c) Each member of the Committee shall be financially literate, as defined in NI 52-110. At the date of adoption of this charter, a member is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Calfrac's financial statements.

(d) Members shall be appointed annually from among members of the Board. A member of the Committee shall cease to be a member of the Committee upon ceasing to be a director of Calfrac.

3. **Mandate**: The mandate of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to

(a) Calfrac's financial statements and other financial information disclosed by Calfrac to the public,

(b) Calfrac's compliance with legal and regulatory requirements, and

(c) the performance of Calfrac's external auditor.

The external auditor shall report directly to the Committee but is ultimately accountable to the Board, which has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the external auditor (or to nominate the external auditor to be appointed by the shareholders of Calfrac).

4. **Oversight Responsibility**: Subject to the powers and duties of the Board and in addition to any other duties and responsibilities assigned to the Committee from time to time by the Board, the Committee shall have responsibility for overseeing

(a) the accounting and financial reporting processes of Calfrac, and

(b) audits of the financial statements of Calfrac.

5. **Specific Duties and Responsibilities**: The Committee shall meet with the external auditor and the senior management of Calfrac to review all financial statements of Calfrac that require approval by the Board and shall have authority and responsibility for the following matters.

(a) Review Calfrac's financial statements, management's discussion and analysis of financial condition and results of operations ("MD&A") and annual and interim earnings press releases before Calfrac publicly discloses this information.

(b) Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Calfrac, including the resolution of disagreements between management and the external auditor regarding financial reporting.

(c) Review annually and recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Calfrac, as well as the compensation of such external auditor.

(d) Discuss with the external auditor

(i) the scope of the audit, in particular the external auditor's view of Calfrac's accounting principles as applied in the financial statements in terms of disclosure quality and evaluation methods, inclusive of the clarity of Calfrac's financial disclosure and reporting, degree of conservatism or aggressiveness of Calfrac's accounting principles and underlying estimates, and other significant decisions made by management in preparing the financial statements reviewed by the external auditor,

(ii) significant changes in Calfrac's accounting principles, practices or policies, and

(iii) new developments in accounting principles, reporting matters or industry practices that may materially affect Calfrac.

(e) Review with the external auditor and Calfrac's senior management the results of the annual audit regarding

(i) the financial statements,

(ii) MD&A and related financial disclosure contained in continuous disclosure documents,

(iii) significant changes, if any, to the initial audit plan,

(iv) accounting and reporting decisions relating to significant current year events and transactions,

(v) the management letter, if any, outlining the external auditor's findings and recommendations, together with management's response, with respect to internal controls and accounting procedures, and

(vi) any other matters relating to the conduct of the audit, including such other matters as should be communicated to the Committee under generally accepted auditing standards.

(f) Subject to the Board assuming such responsibility from time to time, review, discuss with Calfrac's senior management and, if requested by the Board, the external auditor, and approve

(i) the interim financial statements and interim MD&A of Calfrac, and

(ii) any other matters, including all press releases, relating to the interim financial statements and interim MD&A, including any significant adjustments, management judgments or estimates and new or amended accounting policies.

(g) Receive from the external auditor a formal written statement delineating all relationships between the external auditor and Calfrac, consider whether the advisory services performed by the external auditor during the course of the year have affected its independence, and ensure that no relationship or service between the external auditor and Calfrac is in existence that may affect the objectivity and independence of the external auditor or recommend appropriate action to ensure the independence of the external auditor.

(h) Pre-approve all non-audit services to be provided to Calfrac or its subsidiaries by the external auditor or the external auditor of Calfrac's subsidiaries, provided that the Committee may satisfy the pre-approval requirement either by delegating to one or more members of the Committee the authority to pre-approve non-audit services or by adopting specific policies and procedures for the engagement of non-audit services.

(i) Satisfy itself that adequate procedures are in place for the review of Calfrac's public disclosure of financial information extracted or derived from Calfrac's financial statements, other than the public disclosure referred to in subsection (a) above, and periodically assess the adequacy of those procedures.

(j) Review with the internal and external auditors the adequacy of management's internal control over financial reporting and management information systems, discuss with management and the internal and external auditors any significant risks and exposures to Calfrac that may have a material adverse effect on Calfrac's financial statements, and review with the internal and external auditors the efforts of management to mitigate such risks and exposures.

(k) Present a report to the Board regarding Calfrac's audited financial statements for each fiscal year and indicate in that report whether

  (i) management has reviewed Calfrac's audited financial statements with the Committee, including a discussion of the quality of the accounting principles applied and significant judgments affecting the financial statements,

  (ii) the external auditor and the Committee have discussed the external auditor's judgments of the quality of the accounting principles applied and the judgments made with respect to Calfrac's financial statements,

  (iii) the Committee has, without the presence of management or the external auditor, considered and discussed all the information disclosed to the Committee by Calfrac's management and the external auditor, and

  (iv) in reliance on review and discussions conducted with senior management and the external auditor, the Committee believes that Calfrac's financial statements are fairly presented in conformity with generally accepted accounting principles in all material respects and that the financial statements fairly reflect the financial condition of Calfrac.

(l) Establish procedures for

  (i) the receipt, retention and treatment of complaints received by Calfrac regarding accounting, internal accounting controls, or auditing matters, and

  (ii) the confidential, anonymous submission by employees of Calfrac of concerns regarding the manner in which Calfrac conducts its business, including violations of law, rules, regulations or Calfrac's Code of Business Conduct, and concerns regarding accounting, internal accounting controls or auditing matters, as required under NI 52-110.

(m) Consider opportunities to reflect Calfrac's ESG priorities and initiatives in fulfilling the Committee's mandate and responsibilities hereunder.

(n) Review and approve Calfrac's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.

(o) Review annually and report to the Board on the adequacy of the Committee's charter.

6. **Administrative Matters**: The following provisions shall apply to the Committee.

(a) The quorum for meetings of the Committee shall be two members thereof. Business may be transacted by the Committee at a meeting of its members at which a quorum is present or by a resolution in writing signed by all the members of the Committee.

(b) Any member of the Committee may be removed or replaced at any time by the Board. If a vacancy exists on the Committee, the remaining members may exercise all of the powers of the Committee so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold office until the close of the next annual meeting of shareholders following the date of appointment as a member or until a successor is duly appointed.

(c) The Committee may invite such officers, directors and employees of Calfrac and other persons as it may see fit from time to time to attend at meetings of the Committee and to assist thereat in the discussion of matters being considered by the Committee. The external auditor is to appear before the Committee when requested to do so by the Committee.

(d) The Committee shall determine the time and place at which the Committee meetings shall be held and the procedure for calling and conducting business at such meetings, having regard to the by-laws of Calfrac.

(e) The chair of the Committee shall preside at all meetings of the Committee. In the absence of the chair, the members of the Committee present at a meeting shall appoint one of those members to act as chair for that particular meeting.

(f) Notice of meetings of the Committee may be given to the external auditor and shall be given in respect of meetings relating to the annual financial statements. Upon the request of the external auditor, the chair of the Committee shall convene a meeting of the Committee to consider any matters that the external auditor indicates should be brought to the attention of the directors of Calfrac.

(g) The Committee shall report to the Board on such matters and questions relating to the financial position of Calfrac or any subsidiaries of Calfrac as the Board may from time to time refer to the Committee.

(h) The members of the Committee shall, for the purpose of performing their duties, have the right to inspect all the books and records of Calfrac and its subsidiaries, and to discuss such books and records as are in any way related to the financial position of Calfrac with the officers, employees and external auditor of Calfrac and its subsidiaries.

(i) Minutes of Committee meetings shall be recorded and maintained. The chair of the Committee shall report to the Board on the activities of the Committee and the minutes of Committee meetings will be circulated to the directors who are not members of the Committee on a timely basis.

(j) The Committee shall have the authority

(i) to engage independent counsel and other advisers that it determines to be necessary to permit it to carry out its duties,

(ii) to set and pay the compensation for any advisers engaged by the Committee, and

(iii) to communicate directly with the internal (if any) and external auditors.

Reviewed by the Committee on March 3, 2021 and approved by the Board on March 3, 2021.