CALFRAC WELL SERVICES LTD.

ANNUAL INFORMATION FORM

For the year ended December 31, 2021

March 18, 2022

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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 Company (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 Company 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 Company 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 (the "COVID-19 pandemic") on the Canadian and world economy;
- expectations regarding trends in, and the growth prospects of, the global oil and gas industry;
- commodity prices;
- expectations regarding the Company'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 Company's ability to raise capital;
- the Company's growth strategy and prospects;
- operating strategies;
- capital expenditure programs;
- the impact of environmental regulations and economic sanctions on the Company's business;
- exposure under existing legal proceedings;
- projections of market prices and costs;
- expectations regarding the Company's ability to maintain its competitive position; and
- treatment under governmental regulatory regimes.

The forward-looking statements contained herein are based on certain assumptions and analyses made by the Company 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 Company operates;
- the Company'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 effect of environmental, social and governance (ESG) factors on customer and investor preferences and capital deployment;

- the Company'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 Company'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 Company's liquidity, restrictions resulting from compliance with debt covenants and risk of acceleration of indebtedness;
- global supply chain constraints and price escalation of raw materials and component parts;
- retaining, replacing and adding personnel;
- risks associated with foreign operations, including the recent Russia-Ukraine crisis and possible implementation of additional sanctions against Russia from the United States, Canada and other countries;
- excess oilfield equipment levels;
- the impact of COVID-19 on the Company's operations, personnel, clients and outlook;
- the availability of capital on satisfactory terms;
- direct and indirect exposure to volatile credit markets, including credit rating risk; and
- the other factors considered under "Risk Factors".

CALFRAC WELL SERVICES LTD.

Calfrac Well Services Ltd. (the "Company") is the corporation resulting from the amalgamation of Calfrac Well Services Ltd. (the pre-amalgamation predecessor of the Company) 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 Company filed Articles of Amendment to split its common shares on a two-for-one basis.

On May 8, 2018, the Company'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 Company 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 Company filed Articles of Continuance to continue the Company under the federal jurisdiction of Canada under the *Canada Business Corporations Act* ("CBCA"), which also implemented the new by-laws of the Company as approved at the October 16, 2020 special meeting of shareholders of the Company.

On December 18, 2020, the Company 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 Company'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 Company'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 Company's common shares on a 50-to-1 basis and the issuance of common share purchase warrants ("Warrants") as approved at the October 16, 2020 special meeting of shareholders, each were listed for trading on the Toronto Stock Exchange ("TSX") on December 29, 2020. All references to common shares in this Annual Information Form are on a post- Share Consolidation (as defined below) basis unless otherwise noted. See "*General Development of the Business – Recapitalization Transaction and Plan of Arrangement*" for additional information.

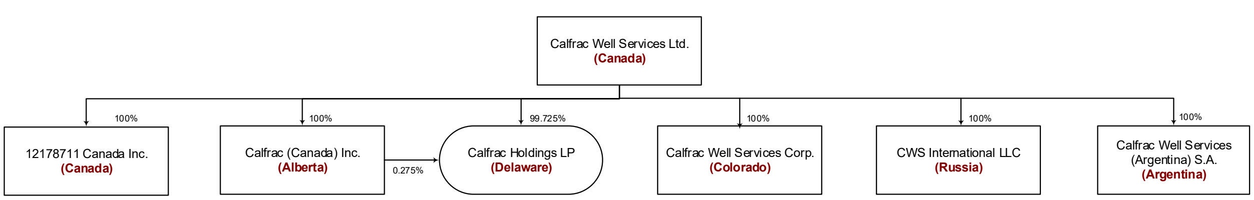
On December 18, 2020, and in connection with the Recapitalization Transaction, the Company adopted a shareholder rights plan as approved at the October 16, 2020 special meeting of shareholders.

The head office of the Company is located at 500, 407 - 8th Avenue S.W., Calgary, Alberta T2P 1E5 and the registered office of the Company 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 Company and certain of its subsidiaries as at March 18, 2022, showing each entity's jurisdiction of incorporation, continuation or formation, as applicable, and the Company's ownership interest therein. Unless the context requires otherwise, references to the Company include its subsidiary entities set forth below.



GENERAL DEVELOPMENT OF THE BUSINESS

The Company 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 Company's operations are focused on Canada, the United States, Argentina and Russia.

The Company 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 Company's goal is to safely and efficiently provide the highest degree of expertise, innovation and service to its customers. The Company'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 Company is one of the largest hydraulic fracturing companies in the world with a combined fleet at December 31, 2021 of approximately 1,356,000 HP. In addition, the Company had 27 coiled tubing units and 15 cementing units at December 31, 2021.

Development of the Business

Three Year History

The Company has focused its efforts in the past three years on addressing its balance sheet, including the completion of the Recapitalization Transaction as further discussed below, and adapting its cost structure and operating footprint to keep pace with the challenging and evolving business environment resulting from the COVID-19 pandemic and commodity price war initiated by several OPEC+ countries, including Saudi Arabia and Russia. The Company is continuing to focus its efforts on improving its operating efficiencies and balance sheet to remain competitive and increase the sustainability of its business. The Company believes these on-going efforts will position it to capitalize on the anticipated strengthening of the oilfield well services market in 2022.

2019

In the second quarter of 2019, the Company acquired 24,450 HP of additional fracturing equipment from a competitor in Argentina.

On April 30, 2019, the Company amended and extended its credit agreement with its lenders ("Credit Agreement") governing its available credit facilities ("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. A copy of the Credit Agreement (and its subsequent restatement and amendments) is available on SEDAR. Additional information regarding the amendments to the Credit Facilities in April 2019 can be found in the Company's press release dated May 1, 2019, and in the Company's comparative financial statements and management's discussion and analysis for the year ended December 31, 2019, which can be found on SEDAR.

In June 2019, Fernando Aguilar retired as the Company's President and Chief Executive Officer and Ronald P. Mathison was appointed as Executive Chairman and Lindsay R. Link was appointed as President and Chief Operating Officer.

2020

In early 2020, the Company engaged its legal and financial advisors to assist the Company in reviewing and evaluating potential options to improve the Company's capital structure, reduce its annual interest expenses and increase its working capital and liquidity.

On February 24, 2020, Calfrac Holdings LP ("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 Calfrac Holdings' 8.50% senior unsecured notes due 2026 (the "Senior Unsecured Notes Indenture") issued pursuant to an indenture dated May 30, 2018 in an aggregate principal amount of US$650.0 million ("Senior Unsecured Notes"). The Exchange Offer 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, leaving US$431.8 million of Senior Unsecured Notes then outstanding. 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 the Credit Agreement. Additional information regarding the Exchange Offer can be found in the Company's press release dated February 25, 2020, which can be found on SEDAR.

In Q1 2020, the Company took significant action in response to the precipitous decline in the demand for its services as a result of the historic and unprecedented drop in energy demand in the wake of the COVID-19 pandemic and the price war initiated by several OPEC+ countries, including Saudi Arabia and Russia. These actions included a significant reduction in the Company's operating footprint in North America as well as compensation and headcount reductions across all operating areas. The Company's capital budget was also reduced materially in light of the reduced operating footprint. In total, the Company eliminated over $150.0 million from its operating spending and $45.0 million from its capital budget in Q1 2020 in response to volatile market conditions.

Recapitalization Transaction and Plan of Arrangement

On June 15, 2020, the Company 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 Company 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 Company's press release dated June 15, 2020, which can be found on SEDAR.

On July 13, 2020, the Company 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 Company and the other subsidiary applicants in respect of any defaults that may result from the Company's decision to initiate the CBCA Proceedings, or arising in connection with its 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 Company to seek recognition of the CBCA Proceedings in the United States.

On July 14, 2020, the Company announced that it had obtained the preliminary interim order with respect to the CBCA Proceedings and the Company'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 Company's press release dated July 14, 2020, which can be found on SEDAR.

On July 14, 2020, the Company 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 Company 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 established a special committee of independent directors (the "Special Committee") to evaluate the Wilks Brothers Proposal. On August 15, 2020, the Company announced that the Special Committee concluded that the Wilks Brothers Proposal was not a "Superior Proposal". 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 Company (the "Wilks Brothers Take Over Bid"). On September 24, 2020, the board of directors issued a Directors' Circular recommending that shareholders of the Company 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 can be found in the Directors' Circular dated September 24, 2020, which can be found on SEDAR.

On September 24, 2020, the Company 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 Company's press release dated September 24, 2020, which can be found on SEDAR.

On October 16, 2020, the shareholders of the Company 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 Company's Press Release and Report of Voting Result, each dated October 16, 2020, which can be found on SEDAR.

On October 30, 2020, the Company 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 Company completed the Recapitalization Transaction and implemented the Plan of Arrangement, which included, among other things, the following key elements:

(a) the Company'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 Company (prior to giving effect to the Share Consolidation as defined below) were tendered by shareholders of the Company for cancellation in exchange for aggregate cash consideration of approximately $0.9 million;

(c) the Company'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 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 Company (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 $431.8 million, plus all accrued and unpaid interest, were surrendered and cancelled in exchange for an aggregate of 31,307,618 common shares of the Company (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 Company (on a post-Share Consolidation basis);

(g) an aggregate of 1,125,703 common shares of the Company (on a post-Share Consolidation basis) (the "Commitment Consideration Shares") were issued to a wholly-owned subsidiary of the Company, 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 Company 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 Company 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 Company'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 Company and Messrs. George S. Armoyan and Anuroop Duggal were appointed.

On December 18, 2020, in connection with the completion of the Recapitalization Transaction, the Company and certain investors in the 1.5 Lien Notes entered into a registration rights agreement pursuant to which the Company granted certain customary demand and "piggy-back" registration rights in respect of the Company's common shares held by such investors (the "Registration Rights Agreement"). Additionally, the Company and the same group of investors concurrently entered into an investor rights agreement pursuant to which the Company 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 are available on SEDAR.

On December 18, 2020, the Company also amended and restated its Credit Agreement to among other things: (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 for a prescribed covenant relief period in exchange for the Company abiding by certain additional restrictions during such relief period, including among other things, restrictions on the incurrence of additional debt and financial assistance and investments in any person other than the Company or the guarantors of the Credit Agreement. As amended, the Credit Facilities consisted of an operating facility of $30.9 million and a syndicated facility of $259.1 million, with no accordion feature, and had a maturity of date of June 1, 2022. Additional information regarding the Credit Facilities and amendments can be found in the Company's comparative financial statements and management's discussion and analysis for the year ended December 31, 2021, which can be found on SEDAR.

2021

In May 2021, the Company ceased operations in both San Antonio, Texas and Artesia, New Mexico in light of reduced customer demand in such operating areas and as part of the Company's efforts to rationalize its cost structure and operating footprint.

On June 30, 2021, the Company entered into an agreement with its lenders which amended and extended its Credit Agreement. The principal amendments to the Credit Agreement included (i) an extension of the maturity date from June 1, 2022 to July 1, 2023 and (ii) a voluntary reduction in the Credit Facilities from $290.0 million to $225.0 million, with the syndicated facility being reduced from $259.1 million to $180.0 million and the operating facility being increased from $30.1 million to $45.0 million (the "First Amending Agreement"); and (iii) the addition of a $25.0 million accordion feature.

On November 25, 2021, the Company executed an agreement with its lenders which further amended and increased its Credit Facilities (the "Second Amending Agreement"). The principal amendments to the Credit Facilities included (i) the exercise of the accordion feature to increase the syndicated facility by $25.0 million to $205.0 million, which together with the $45.0 million operating facility, increased the capacity of the Credit Facilities to $250.0 million; (ii) the addition of a new lender to the lending syndicate; and (iii) the lenders' approval of a capital budget of up to $70.0 million for 2021. Copies of the First Amending Agreement and the Second Amending Agreement are available on SEDAR.

On December 17, 2021, George Armoyan was appointed as the Company's interim Chief Executive Officer and Ronald P. Mathison stepped down as Executive Chairman and was appointed as the Chairman of the Company.

Subsequent Events

Subsequent to the end of 2021, the Company negotiated additional waivers and amendments to its Credit Agreement pursuant to amending agreements dated March 4, 2022 and March 15, 2022 (the "Third Amending Agreement" and "Fourth Amending Agreement", respectively). The waivers and amendments included the following: (i) the Funded Debt to Adjusted EBITDA covenant was waived for the quarter ended December 31, 2021, and increased to 3.75x for the quarter ended March 31, 2022; (ii) the minimum $15.0 million liquidity requirement was temporarily waived through March 15, 2022, and reinstated through the term of an extended covenant relief period expiring June 30, 2022; (iii) the eligible portion of the net book value of property, plant and equipment for the purposes of the borrowing base calculation was increased from 25% to 35%, subject to a maximum contribution of $150.0 million; (iv) the execution of a secured bridge loan of up to $25.0 million from G2S2 Capital Inc., a company controlled by Mr. Armoyan ("G2S2") in order to fund the Company's short-term working capital requirements (the "G2S2 Loan") was permitted. Copies of the Third Amending Agreement and Fourth Amending Agreement are available on SEDAR. Additional information regarding the Credit Facilities and amendments can be found in the Company's comparative financial statements and management's discussion and analysis for the year ended December 31, 2021, which can be found on SEDAR. See "*Interest of Management and Others in Material Transactions*" for additional information on the G2S2 Loan.

In February 2022, Russia invaded Ukraine and this ongoing conflict has added a level of risk and uncertainty around the Company's operations in Russia. As a result of this dynamic situation, the Company is monitoring the situation in real time and evaluating its options for its Russian operations. See "*Risk Factors - The Company's foreign operations expose it to risks from abroad, which could negatively affect its results of operations*" for additional information.

Description of Services

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

Fracturing Services. The principal focus of the Company'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 Company 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, by offering innovative equipment, technology solutions and highly trained personnel to execute these difficult projects. As of December 31, 2021, the Company's HP fleet consisted of:

	Active	Idle	Total
United States…………………...	579,000 HP	294,000 HP	873,000 HP
Canada………………………….	227,000 HP	43,000 HP	270,000 HP
Argentina……………………….	137,000 HP	- HP	137,000 HP
Russia…………………………..	77,000 HP	- HP	77,000 HP

For each of the years ending December 31, 2021 and 2020, fracturing services accounted for 92% of the Company's revenue.

The Company 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 Company'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 Company 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 high-density 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 Company 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 Company 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, 2021, the Company 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, 2021 and 2020, coiled tubing services accounted for 6% and 6% of the Company'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 Company has grown this service line through acquisitions and capital investment but due to declining financial returns and increased competition, the Company has ceased offering cementing services in all of its operating areas except for Argentina, where it remains a market leader. As of December 31, 2021, the Company had:

- 2 cementing units in the United States, all of which have been idled; and
- 13 cementing units in Argentina, of which 10 are active and 3 has been idled.

For each of the years ended December 31, 2021 and 2020, cementing services accounted for 3% and 2% of the Company's revenue, respectively.

Industry

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 the Organization of the Petroleum Exporting Countries 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 in 2020 and significant measures were put in place by governments around the world to prevent the transmission of the virus. 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. West Texas Intermediate ("WTI") prices averaged US$39 per barrel in 2020, down ~30% from the 2019 annual average of US$57.

In 2021, the global economy rebounded from the worldwide COVID-19 pandemic, with global GDP growing by 5.8%. Oil prices rose throughout 2021, with WTI averaging US$68 per barrel for the year, bolstered by receding market concerns over the COVID-19 variants. Global oil inventories saw consistent drawdowns in 2021 as demand exceeded supply levels. Global oil consumption rose ~6% over 2020 levels as travel restrictions eased and demand rebounded, while supply increased just 2% as some OPEC+ countries faced operational difficulties ramping up production.

The recent Russian military incursion into Ukraine has caused a sudden spike in oil prices to levels not seen since 2011, reflecting potential effects of the extensive sanctions levied by the United States, European Union, and others on Russian entities, as well as the risk of potential disruptions to crude oil and energy production and infrastructure related to the conflict. A number of Western energy companies announced they are ending operations in Russia as a significant volume of Russian crude oil and petroleum products remained unsold as shippers and refiners refuse to take cargoes from Russia. In the coming months, the oil market will likely remain highly volatile and largely depend on how other oil producers respond to current prices, as well as the effects macroeconomic developments might have on global oil demand.

According to the Energy Information Administration ("EIA"), U.S. crude oil production averaged an estimated 11.2 MMBpd in 2021, down slightly from 11.3 MMBpd in 2020. U.S. dry natural gas production averaged 93.5 billion cubic feet per day in 2021, up 2% from 2020 levels. Henry Hub spot prices averaged US$3.91 per million British thermal units ("MMBtu") in 2021, up significantly from US$2.03 per MMBtu in 2020.

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. Further advancements in the technologies used to extract hydrocarbons have caused more efficient production with less drilling rigs necessary. In 2020, the impact of the oil supply war and worldwide COVID-19 pandemic led the North American horizontal rig count to decline to 370 rigs at year-end, a 53% drop from year-end 2019 levels. Drilling activity rebounded with commodity prices, exiting 2021 at 619 horizontal rigs, up 67% from 2020.

The S&P oilfield service index (the "OSX") has underperformed the S&P 500 over the previous three years. From January 1, 2019 through December 31, 2021, the S&P 500 has increased by 90% while the OSX has fallen by 35%. In 2021, the OSX was up 19%, after falling 43% and 3% in 2020 and 2019, respectively.

According to Spears & Associates, global spending for oilfield equipment and services rose 3% to US$202 billion in 2021 as the world continued its recovery from COVID-19 and supply was restored to meet demand. The global oilfield equipment and service market has continued 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. Spears & Associates projects the oilfield equipment and services industry to grow 14% in 2022 as producers continue to grow production modestly.

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 in 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. Spears & Associates estimates the hydraulic fracturing market fell from approximately US$29 billion in 2019 to US$13 billion in 2020. In 2021 the hydraulic fracturing market increased by 19% as operators increased capital spending amid global recovery in the commodity markets.

Coiled tubing remains the preferred completion tool for drilling out composite plugs and ball seats in horizontal wells after multi-stage fracturing jobs. According to Spears & Associates, revenue declined in the North American coiled tubing market from US$5.3 billion in 2019 to US$3.1 billion in 2020. Despite the overall recovery of the oilfield market, the coiled tubing market declined another 7% to $2.8 billion in 2021.

Cementing is a principal component of pressure pumping services and remains a critical step in the overall well completion process. In 2020, the cementing market fell 27% to US$6.4B and slightly further in 2021 to US$6.2 billion.

The EIA has revised price forecasts made in the beginning of the year due to increased volatility in the markets following Russia's invasion of Ukraine. In February, the EIA was forecasting WTI crude prices to average US$79.35 and $64.48 per barrel in 2022 and 2023, respectively. In their latest March report the revised price forecast is $101.17 and $84.98 per barrel in 2022 and 2023, respectively. The commodity markets remain in a state of uncertainty as the Russian incursion created significant market uncertainties about the potential for global oil supply disruptions. Henry Hub natural gas spot prices have remained in-line with previous forecasts, with the EIA projecting an average of US$3.95 per MMBtu in 2022 and US$3.59 per MMBtu in 2023. However regional gas supply in the European Union and other global markets have seen recent spikes as Russian supply has been curtailed due to sanctions.

Operating Bases and Offices

The Company 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; Gillette, Wyoming; Khanty-Mansiysk, Russia; and Añelo, Neuquén, Las

Heras and Comodoro Rivadavia, Argentina. The Company'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, 2021, the Company's hydraulic fracturing fleet was approximately 1,357,000 HP, and its well servicing equipment included 27 coiled tubing units and 15 cementing units.

Competitive Conditions

Competition

The markets in which the Company operates are highly competitive. The principal competitive factors in the markets in which the Company operates are price, product and service quality and availability, technical knowledge and experience and reputation for safety. In each of the geographic jurisdictions the Company operates, it competes against a large number of companies that offer services that overlap and are competitive with the Company's services and products. The Company's competition includes large multi-national oilfield service companies as well as regional competitors as further described in the table below:

Location	Key Competitors
Globally	Halliburton Company Schlumberger Limited
North America	Liberty Oilfield Services Inc. BJ Services Inc.
Canada	Trican Well Service Ltd. STEP Energy Services Ltd. Ironhorse Oilfield Services Ltd. Element Technical Services Inc.
United States	NexTier Oilfield Solutions ProFrac Services Inc. ProPetro Holding Company US Well Services Inc.
Russia	Petro Welt Technologies AG Mekamineft ZAO Sp LLC RN-GRP (Rosneft) Packer Service LLC
Argentina	Tenaris S.A. Weatherford, SA, Geopatagonia S.R.L. Latitud 45 Petroleo Y Gas S.A. Superior Energy Services S.A.

Competitive Position

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 Company's competitive position is based on a number of factors.

Strategic position in fracturing markets with significant scale. The Company believes that it is well-positioned in the markets where it operates. The Company 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 227,000 HP active in Canada and 579,000 HP active in the United States, the Company has established itself as one of the top ten largest fleets in North America. In the United States, the Company services the Piceance basin in western Colorado, the Uinta Basin in Utah, the Powder River in eastern Wyoming, the Marcellus and Utica shale plays in Pennsylvania, West Virginia and Ohio, and the Bakken shale play in North Dakota and Montana. The Company also operates in Argentina, where development of the Vaca Muerta shale play could drive significant demand growth for the Company's services. The Company 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 Company recognizes that the success of its business is based on high levels of customer satisfaction and strong business relationships. The Company 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 Company 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. Most of the Company'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 Company 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 Centre in Calgary, Alberta and Houston, Texas, the Company 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 Company has developed proprietary, cost-effective chemistries that aim to optimize proppant placement in order to maximize production from the wellbore. In addition, the Company 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 Company 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 Company 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 Company to achieve higher rates of equipment utilization.

Supply chain and logistics. The Company believes it has created a competitive advantage through its in-house supply chain and logistical planning expertise. The Company 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 Company's customers.

Commitment to quality. The Company'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 Company's maintains an active certification to API Q2 and ISO 9001:2015 for its corporate and divisional head office in Calgary, Canada. The Company'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 Company 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 Company has facilities and programs in place which provide an environment for ongoing learning and skill development. The Company has dedicated training facilities in Calgary, Alberta and San Antonio, Texas which are focused on providing regulatory, skills and leadership training for all employees.

Intellectual Property. The Company'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 Company's success in hydraulic fracturing has been facilitated by its ability to provide proprietary blends of chemicals that, together with the Company's technical expertise and innovative equipment, result in customers' wells being more productive.

Customers

The Company'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 Company 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, 2021, the Company's ten largest customers collectively represented approximately 79% of its revenue and the Company's four largest customers collectively represented approximately 53.8% of its revenue, with its largest customer accounting for approximately 21.6% 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 Company has a few "right of first call" contracts, wherein certain clients have committed to providing the Company 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 Company 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 Company is currently working in one operating area in Russia pursuant to two three-year contracts that have been extended with the country's largest oil and natural gas company with the fracturing services contract extended to the end of Q2 2022 and the coiled tubing contract extended to the end of 2022. The Company was also awarded a new one-year fracturing services contract that expires at the end of 2022.

In Argentina, the Company 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 Company's strong operational performance, it believes that it is well-positioned to continue working with these customers in the future.

Suppliers

The Company 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 Company has a long-term contract with a leading United States based supplier of sand, which provides for minimum purchase and supply commitments and semi-annual price adjustments.

Employees

As at December 31, 2021, the Company had approximately 2,684 employees in its operating regions. With the exception of a portion of the employees in Argentina, none of the Company's employees are unionized.

Seasonality

The Company's business is affected by the seasonal nature of the North American oil and natural gas industry, particularly in portions of western Canada and North Dakota. See "*Risk Factors - The Company is susceptible to seasonal volatility in its operating and financial results due to adverse weather conditions*" for additional information.

Regulation

The Company 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. See "*Risk Factors – Federal, provincial and state legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays* and see "*Risk Factors –The Company 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"* for additional information.

Environmental Protection and Social Responsibility

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

- In order to reduce diesel consumption and the impact of carbon emissions on the environment, the Company has increased the amount of its bi-fuel fracturing pumpers in recent years. The Company now operates 114 Tier 2 bi-fuel fracturing pumpers which represents approximately 280,000 HP of its pumping capacity. Such pumpers reduce diesel consumption by up to 50% (average 40%) by incorporating natural gas fuel.

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

- The Company 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 Company 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 2021, the Company achieved a consolidated TRIF of 1.10.

- The use of TRIF reinforces the Company's commitment to protect the health and safety of its employees, contractors, clients and other third-party personnel in the communities in which the Company 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 Company's employees, third-party service providers and clients, is "Goal Zero".

- The Company 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 Company 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 Company'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 Company's license to operate and in 2021 such matters were incorporated into the board mandate, committee charters and board/committee work plans to ensure that the board is monitoring and discussing any relevant developments in those areas as required.

- The Company'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. See "*General Development of the Business - Competitive Conditions – Competitive Position: Commitment to quality*" for additional information.

RISK FACTORS

***The Company'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 Company'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 Company'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 Company'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 Company 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 Company's business, financial condition, results of operations and cash flows.

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

The Company'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 Company'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 Company or at all, particularly if the Company's debt levels remain above industry standards. The Company'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 Company.

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

Even if the Company is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to the Company. If the Company 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 Company'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 Company's securities, incurrence of indebtedness, provision of guarantees, making of capital expenditures and entering into of certain transactions, among others.

Price escalation of raw materials and component parts could have a material adverse effect on the Company's business.

In 2021, the Company and the industry worldwide experienced shortage of supply and an increase in inflationary pricing of raw materials such as proppant, chemicals, nitrogen, and diesel fuel and component parts as a result of the COVID-19 pandemic making it difficult to provide fixed pricing for customers. Volatility and increased costs of component parts and raw materials, including as a result of the Russia-Ukraine conflict, may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows have been may also have a material adverse effect on the Company's business, financial condition, results of operations and cash flow, which cannot be easily countered by price increases to customers in a highly competitive environment.

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

The Company requires 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 Company's ability to find sufficiently qualified employees to meet its needs. The nature of the Company'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 Company's. The Company's success depends on its ability to continue to employ and retain skilled technical personnel and qualified oilfield personnel. If the Company is unable to do so, it could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

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

Some of the Company's operations and related assets are located in Argentina and Russia, which may be considered politically and/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 such activities or actions could adversely affect the economics of exploration or development projects for Company's customers and the demand for the Company's well stimulation services which, in turn, could have a material adverse effect on its assets, business, financial condition, results of operations and cash flows.

Additionally, operations outside of North America could also expose the Company to trade and economic sanctions or other restrictions imposed by the Canadian government or other governments or organizations. In response to Russia's invasion of Ukraine, a number of countries, including Canada, the U.S. and European Union member states, have taken actions against Russia, such as: imposition of sanctions targeting certain Russian leadership and other individuals; restrictions on certain sectors of the Russian economy; expulsion of some Russian banks from the SWIFT global banking payment system; and other measures, with further restrictions and counter-sanctions or actions by Russia itself possible as the conflict continues. Such measures and the ongoing conflict between Russia and Ukraine has added a level of risk and uncertainty around the Company's operations in Russia. As a result of these changes in circumstances, there is risk and uncertainty surrounding the Company's Russian operations, including uncertainty surrounding banking restrictions and the ability to repatriate funds to Canada from Russia, the Company's ownership and control over its Russian subsidiary, potential impairment of current and long-term assets, the physical security of property, plant and equipment, and overall business and operational risks. The conflict and sanctions or restrictions imposed against or by Russia could have a material adverse effect on the Russian Division's assets, business, financial condition, results of operations and cash flows. Additionally, the conflict and sanctions or restrictions imposed against or by Russia could exacerbate a number of risks described elsewhere in these Risk Factors, such as: the Company's access to capital, the availability and price escalation of raw materials and component parts, activist shareholder and ESG risks and cybersecurity threats.

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 Company operates, federal agencies and authorities may seek to impose a broad range of criminal or civil penalties against the Company 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 Company's business, financial condition, results of operations and cash flows.

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

Because of the long life 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 Company 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 Company's business, financial condition, results of operations and cash flows.

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

The COVID-19 pandemic caused a significant and swift reduction in global economic activity, which significantly weakened demand for oil and gas, and in turn, for the Company's products and services. The Company implemented a COVID-19 Pandemic Response Plan to provide direction to partially mitigate the impacts of the COVID-19 pandemic. The Company also experienced an increase in operating costs due to the implementation of various controls to comply and manage the spread of COVID-19.

Other effects of the pandemic included, and may continue to include, significant volatility and disruption of the global financial markets; adverse revenue and net income effects; disruptions to the Company's operations, including suspension or deferral of drilling activities; customer shutdowns of oil and gas exploration and production; downward revisions to customer budgets; limitations on access to sources of liquidity; supply chain disruptions; limitations on access to raw materials; employee impacts from illness, school closures and other community response measures; ability to recruit and maintain a viable and healthy workforce; temporary closures of Company's facilities or the facilities of Company's customers and suppliers. The pandemic is continuously evolving, and the extent to which Company's operating and financial results will continue to be affected will depend on various factors beyond the Company's control, such as the ultimate duration, severity and sustained geographic resurgence of the virus; the emergence, severity and transmission rates of new variants and strains of the virus; and the effectiveness of containment actions of the virus and its variants, or treatment of its impact, such as the availability and acceptance of vaccines. COVID-19, and the volatile regional and global economic conditions stemming from the pandemic may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

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

The ability to make scheduled debt repayments, refinance debt obligations and access financing depends on the Company'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 Company's ability to refinance debt obligations and access financing is affected by credit ratings assigned to the Company 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 Company, or third parties it seeks to do business with, to access those markets.

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

Failure to effectively and timely address the energy transition could adversely affect our business, results of operations and cash flows.

The Company's long-term success depends on its ability to effectively address the energy transition from fossil-based systems of energy production and consumption to renewable energy sources. The Company's success will require adapting its equipment and technologies to potentially changing government requirements and customer requirements and preferences, as well as engaging with customers to develop solutions to reduce the carbon emissions from pressure pumping operations. If the energy transition landscape changes faster than anticipated or in a manner that the Company does not anticipate, the demand for the Company's products and services could be adversely affected as well as their operating costs and asset valuation. Furthermore, if the Company fails or is perceived to not effectively implement a carbon reduction strategy, or if investors or financial institutions shift funding away from companies in fossil fuel-related industries, the Company's access to capital or the market for its securities could be negatively impacted.

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

The 1.5 Lien Notes are convertible at the holder's option into common shares of the Company at any time prior to the maturity date at a conversion price of $1.3325 per common share, being a ratio of approximately 750.469 common shares per $1,000 principal amount of 1.5 Lien Notes.

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

The Company may also attempt to increase its capital resources by making additional offerings of debt, including senior or subordinated notes. Because the Company's decision to issue securities in any future offering will depend on market conditions and other factors beyond its control, the Company 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.

The Company's industry is intensely competitive.

Each of the markets in which the Company 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 Company 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 Company 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 Company operates. In addition, the Company competes with several regional competitors. As a result of competition, the Company may suffer from a significant reduction in revenue or be unable to pursue additional business opportunities.

Federal, provincial and state legislative and regulatory initiatives relating to oil and gas exploration and/or 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 Company to increased costs, delays, limits on the productivity of certain wells and, possibly, limits on its ability to deploy its technology.

The adoption of future federal, provincial, state or local laws or implementing regulations in any of the jurisdictions in which the Company operates which impose additional permitting, disclosure or regulatory obligations related to, or otherwise limiting, oil and gas exploration or the hydraulic fracturing process could result in additional operating restrictions or delays. On June 29, 2021, the British Columbia Supreme Court released its decision in *Yahey v. British*

Columbia regarding cumulative effects and the infringement of Blueberry River First Nation ("BRFN") Treaty 8 rights. The Court found that the effect of B.C.'s industrial development policies are no longer sufficient, and the Court directed that the province could no longer authorize development projects that infringe BRFN's Treaty 8 rights. On October 7, 2021, BRFN and the Province of British Columbia reached an initial agreement in response to the Supreme Court's decision confirming that 195 forestry, oil and gas projects that were authorized before the *Yahey* decision will proceed. Uncertainty remains for future development within Blueberry's territory and future regulatory processes. Currently, the Province and BRFN are moving to finalize an interim approach to review new applications for resource development and activities to balance the BRFN Treaty rights, the economy and the environment. The affected area covers a large portion of Montney play in Northeastern British Columbia, which has become significant source of activity for oil and gas development in Canada. The uncertainty around future development projects in the Montney area may impact the demand for the Company's services in Canada and could have a material adverse effect on the Company, its business, financial conditions, results of operations and cash flows.

Federal, provincial and state legislative and regulatory laws, regulations, court orders or other initiatives to limit greenhouse gas emissions and/or relating to climate change could adversely affect the Company's business.

In January 2021, President Biden took office and under his administration initiated the curtailment of energy operations on federal lands and pursued other regulatory initiatives, executive actions and legislation in support of a broader climate change agenda. Continuing political and social attention to the issue of climate change has resulted in both existing and proposed international agreements and national, regional and local legislation and regulatory measures to limit emissions of greenhouse gases ("GHG"), including emissions of carbon dioxide and methane from production and use of crude oil and liquids and other natural gas. The implementation of these agreements, including the Paris Agreement, the Europe Climate Law, and other existing or future regulatory mandates, may adversely affect the demand for our products and services, impose taxes on the Company or the Company's customers, require the Company or the Company's customers to reduce GHG emissions from our technologies or operations, or accelerate the obsolescence of our products or services.

This trend presents a risk to the Company if it is unable to position itself as a GHG friendly services provider through education of its customer on the Company's current GHG footprint and/or through additional carbon reduction initiatives on its existing equipment fleet or investments in new lower carbon intensive equipment. Failure of the Company to maintain an equipment fleet that satisfies the GHG priorities of its customers could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

There is also increased focus by governments and the Company's customers, investors and other stakeholders on climate change, sustainability and energy transition matters. Negative attitudes toward or perceptions of our industry or fossil fuel products and their relationship to the environment have led governments, non-governmental organizations, and companies to implement initiatives to conserve energy and promote the use of alternative energy sources, which may reduce the demand for and production of oil and gas in areas of the world where the Company's customers operate, and thus reduce future demand for our products and services. In addition, initiatives by investors and financial institutions to limit funding to companies in fossil fuel-related industries may adversely affect the Company's liquidity or access to capital. Any of these initiatives may, in turn, adversely affect the Company's financial condition, results of operations and cash flows.

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

The Company's consolidated financial statements are reported in Canadian dollars. Accordingly, the results of the Company'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 Company'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 Company'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 Company's consolidated financial statements. Other than natural hedges arising from the normal course of business in foreign jurisdictions, the Company does not have any hedging positions.

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

The Company'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 as at December 31, 2021. There can be no assurance that the Company'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 Company'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 Company 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 Company's operations are subject to hazards inherent in the oil and natural gas industry.

The Company'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 Company 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 Company continuously monitors its activities for quality control and safety, and although the Company maintains insurance coverage that it believes to be adequate, such insurance may not be adequate to cover all potential liabilities and may not be available in the future at rates that the Company considers reasonable and commercially justifiable. In 2021, oil and gas industry experienced increase insurance premiums and costs, which coupled with an occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

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

The Company'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 Company'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 Company's weakest three-month revenue period. Additionally, if an unseasonably warm winter prevents sufficient freezing, the Company 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 Company'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 Company's business, financial condition, results of operations and cash flows.

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

The Company's ability to meet service requirements in part, depends upon access, timely delivery and pricing of new equipment, 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, supply chain challenges, shortage of transportation 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 Company's business, financial condition, results of operations and cash flows.

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

From time to time, the Company is involved in legal and administrative proceedings which are usually related to operational or labour issues. In addition, the Company 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 Company, its business, the Plan of Arrangement or related matters, cannot be determined with certainty. The Company'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 Company may be subject to in the future, were to be determined in a manner adverse to the Company or if the Company elects to settle one or more of such matters, it could have a material adverse effect on the Company, its business, financial condition, results of operations and cash flows.

The Company 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 Company 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 Company 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 Company's social license to operate, loss of access to markets and substantial fines and penalties which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The Company uses and generates hazardous substances and wastes in its operations. The Company 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 Company takes great care to prevent the release of hazardous substances into the environment at the well site or during transportation, storage or handling. The Company'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 Company. Since the Company 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 Company'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 Company could become subject to 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 Company 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 Company'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 Company 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 Company's safety performance could result in a decline in the demand for the Company's services and could have a material adverse effect on its business, financial condition, results of operations and cash flows.

The Company'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 Company 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 Company 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 Company'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 Company'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 the oil and gas industry, it could have an adverse effect on the Company's financing costs and access to capital. Additionally, if the Company's 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 the Company's business.

The Company 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 Company may still be subject to legal actions with regards to such released claims and related matters.

Ongoing legal actions relating to the Plan of Arrangement, including the United States appeal as discussed below under the heading "Legal and Regulatory Proceedings", may be costly and could require the Company to defend such potential claims without recourse for legal costs incurred, even if the Company is successful. In addition, the outcomes of such litigation could have a material adverse effect on the Company, its business, financial condition, results of operations and cash flows.

The Company may become subject to claims or liabilities relating to its transaction with Denison Energy Inc. ("Denison"). The Company 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 Company relating to the business of Denison prior to its March 8, 2004 reorganization pursuant to a plan of arrangement and subsequent acquisition of the Company on March 24, 2004. Pursuant to the plan of arrangement, 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 Company 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 Company. 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 Company cannot predict the outcome or ultimate impact of any legal or regulatory proceedings pending against Denison or affecting the Company's business or any legal or regulatory proceedings that may relate to Denison's prior ownership or operation of assets.

See "*Legal and Regulatory 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 Company or if the Company 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 Company's results of operations.

The ability of the Company 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 Company 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 Company to do so could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

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

The success and ability of the Company to compete depends on the proprietary technology of the Company, proprietary technology of third parties that has been, or is required to be, licensed by the Company and the ability of the Company and such third parties to prevent others from copying such proprietary technology. The Company currently relies on intellectual property rights and other contractual or proprietary rights, including (without limitation) copyright, trademark laws, trade secrets, confidentiality procedures, contractual provisions, licenses and patents to protect its proprietary technology. The Company also relies on third parties from whom licenses have been received to protect their proprietary technology. The Company 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 Company 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 Company 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 Company. Furthermore, others may develop technology that is similar or superior to the technology of the Company or such third parties or design technology in such a way as to bypass the patents owned by the Company and/or such third parties.

Despite the efforts of the Company or such third parties, the intellectual property rights, particularly existing or future patents, of the Company 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 Company or such third parties may take to protect their intellectual property rights and other rights to such proprietary technology that is central to the Company's operations will prevent misappropriation or infringement or the termination of licenses from third parties.

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

The Company'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, cybersecurity threats or other factors. If any of these events occur, confidential information could be accessed or disclosed improperly. Any incidents involving unauthorized access to confidential information could damage the Company's reputation and diminish its competitive position. In addition, any affected customers could initiate legal or regulatory action against the Company in connection with such incidents, which could cause the Company to incur significant expense and impact the Company's strong relationships with its customers. Any of these events could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The Company is exposed to third-party credit risk.

The Company'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 Company, such failures could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The Company 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 Company's critical systems. Risks associated with these attacks include, among other things, loss of intellectual property, disruption of the Company's and the Company's customers' business operations and safety procedures, loss or damage to the Company's data delivery systems, unauthorized disclosure of personal information and increased costs to prevent, respond to or mitigate cybersecurity events. Although the Company uses various procedures and controls to mitigate its exposure to such risk, cybersecurity attacks are evolving. At a global level, 2021 involved a series of high-profile ransomware attacks. Although ransomware is not a new problem, in recent years it has become one of the most popular types of cybercrime that is highly coordinated and more advanced. The scale and scope of ransomware operators as well as any potential cyber security attack represents both security and economic risks that could have a material adverse effect on the Company's business, financial condition and results of operations.

The direct and indirect costs of various climate change regulations, existing and proposed, may adversely affect the Company's business, operations and financial results.

Future federal legislation in Canada and the United States including potential international or bilateral requirements enacted under Canadian or American law may materially and adversely affect the Company's business, financial condition, results of operations and cash flows. For example, in Canada, 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 Company's operations and require the reduction of emissions or emissions intensity from the Company'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 Company's services. The federal carbon levy, mandatory emissions reduction programs and the industry emissions cap in Alberta may also impair the Company's ability to provide its services economically and reduce the demand for the Company's services. In the United States, on November 2, 2021 the U.S. Environmental Protection Agency (EPA) proposed the *Clean Air Act* rules that could require all states to reduce methane emissions from hundreds of thousands of existing sources nationwide and encourage the use of innovative methane detection technologies. The EPA extended the public comment on the proposal to January 31, 2022. The Company is unable to predict the impact of current and pending climate change and emissions reduction legislation on the Company and it is possible that such legislation would have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The Company 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 Company's reputation may result from the actual or perceived occurrence of any number of events related to the Company's operational or ESG performance and could include negative publicity with respect to the Company's handling of environmental matters and social issues. While the Company 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 Company's ability to conduct its operations, with the potential to adversely affect the Company's business, financial condition, results of operations and cash flows.

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

Merger and acquisition activity amongst oil and natural gas exploration and production companies may constrain demand for the Company'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 Company.

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

The Company's success depends in large measure on certain key personnel. Many critical responsibilities within the Company's business have been assigned to a small number of employees. The loss of their services could disrupt the Company's operations. In addition, the Company does not maintain "key person" life insurance policies on any of its employees, so the Company 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 Company 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 Company's results of operations.

The Company considers acquisitions and dispositions of businesses and assets in the ordinary course of business. Any acquisition that the Company completes could have unforeseen and potentially material adverse effects on the Company'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 Company 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 Company's results of operations and financial condition and the issuance of additional equity could be dilutive to the Company'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 Company's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Company. 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 Company to realize the anticipated benefits of acquisitions and dispositions could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

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

The Company 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 Company may disagree with how the Company calculates its income (loss) for tax purposes or could change administrative practices to the Company's detriment.

A successful reassessment of the Company'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 Company's financial condition and cash flows.

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

The Company'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 Company proved unable to deal with this growth, it could have a material adverse effect on the Company'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 dated August 17, 2020 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 was filed on SEDAR on August 21, 2020. A copy of the Special Meeting Circular is available on SEDAR.

MARKET FOR SECURITIES

The Company'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 for the period starting January 1, 2021 and ending December 31, 2021.

Period	High $	Low $	Volume
January	4.76	3.40	5,367,516
February	4.33	3.61	905,698
March	4.76	3.66	1,539,155
April	3.94	3.20	890,528
May	3.51	3.14	648,214
June	4.40	3.31	1,725,685
July	4.25	3.47	563,820
August	3.62	2.75	678,790
September	3.55	3.05	443,182
October	6.45	3.33	3,665,003
November	6.43	4.34	1,453,523
December	4.93	4.05	685,562

The Company'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 for the period starting January 1, 2021 and ending December 31, 2021.

Period	High $	Low $	Volume
January	2.48	1.32	583,714
February	2.20	1.67	134,620
March	2.55	2.02	175,203
April	2.40	2.00	76,545
May	2.50	2.00	31,761
June	2.55	1.49	495,312
July	2.30	1.66	116,024
August	1.74	1.35	86,053
September	1.69	1.26	55,568
October	3.92	1.57	203,547

Period	High $	Low $	Volume
November	3.80	1.95	96,887
December	2.45	1.66	92,907

PRIOR SALES

The following table summarizes issuances during the financial year ended December 31, 2021 of the Company's outstanding securities that are not listed or quoted on a marketplace.

Date Issued	Type of Security(1)	Number/Amount Issued	Issue Price
June 7, 2021	stock options	3,540,000	$3.54(2)
June 7, 2021	deferred share units	105,000	N/A(3)
October 1, 2021	stock options	60,000	$3.41(2)

Notes:

(1) For additional information on the Company's outstanding stock options and deferred share units see the Share-Based Compensation note to the 2021 audited Consolidated Financial Statements, which is incorporated by reference herein and is available on SEDAR.

(2) Represents the exercise price per stock option.

(3) Each deferred share unit represents the right to receive a gross payment equal to the Fair 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, "Fair Market Value" means, on any date, the weighted average trading price of a common share of the Company on the TSX during the last five trading days prior to that date.

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 Company, to receive such dividends as the board of directors declares, and to share equally in the assets of the Company remaining upon the liquidation of the Company after the creditors of the Company have been satisfied.

Warrants

The Company has, as of March 17, 2022, 5,587,029 Warrants outstanding. The holders of Warrants are entitled, at the option of the holder, to exercise each Warrant for one common share of the Company 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 Company'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 Company upon its dissolution or winding up.

1.5 Lien Convertible Secured Notes

As of March 17, 2022, the Company has $46,838,000 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. See "*General Development of the Business – Recapitalization Transaction and Plan of Arrangement*" for additional information. The 1.5 Lien Notes were issued pursuant to an indenture entered into among the Company, 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 Company 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 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 Company, 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(s), 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 Company at any time prior to the maturity date at a conversion price of $1.3325 per common share (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 Company 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 Company 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 Company 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 Company 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 Company 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 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 Company 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 Company 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 $25.0 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 Company, 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 Company announced that, due to the challenging market conditions in the oilfield services industry, its board of directors determined to suspend the Company'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 Company and other factors.

The Credit Agreement provides that the Company 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 Company's ability to make certain payments, including dividends, in circumstances where: (i) the Company is in default under the indenture or the making of such payment would result in a default; (ii) the Company is not meeting the fixed charge coverage ratio 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 builder basket in the applicable indenture. 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, 2021, 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 Company as at March 17, 2022.

Name and Residence	Position with the Company	Director Since	Principal Occupation During the Last Five Years
Ronald P. Mathison Alberta, Canada	Chairman of the Board and a Director	March 8, 2004(1)	Chairman, MATCO Investments Ltd. (a private investment company). Also, Executive Chairman of the Company from June 10, 2019 to December 17, 2021.
Douglas R. Ramsay(2)(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 Nova Scotia, Canada	Interim Chief Executive Officer and a Director	December 18, 2020	President and CEO of Clarke Inc. Also, Executive Chairman and Secretary of G2S2 Capital Inc. (a private investment company) and President of Armco Capital Inc. (a development company).
Anuroop Duggal(3)(4) Ontario, Canada	Director	December 18, 2020	Private investor since 2018. Prior thereto, Partner of 3G Capital, an asset management firm.
Gregory S. Fletcher(2)(3)(4)(5) Alberta, Canada	Lead Director	May 8, 2002(1)	President of Sierra Energy Inc., a private energy company.
Lorne A. Gartner(2)(3)(4) 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	Vice President, Executive Sales		Vice President, Executive Sales since February 1, 2022; prior thereto President, U.S. Division since October 21, 2014.
Marco A. Aranguren Buenos Aires, Argentina	Director General, Latin American 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.

Name and Residence	Position with the Company	Director Since	Principal Occupation During the Last Five Years
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.
Jeffrey I. Ellis Alberta, Canada	General Counsel and Corporate Secretary		General Counsel and Corporate Secretary since September 8, 2021. Prior thereto, General Counsel from August 2020 to September 2021; Senior Legal Counsel from March 2017 to August 2020; and Legal Counsel from April 2012 to March 2017.
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.
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.

Notes:

(1) Service prior to March 24, 2004 was as a director of Denison.

(2) Member of the Health, Safety and Environment Committee.

(3) Member of the Compensation, Governance and Nominating Committee.

(4) Member of the Audit Committee.

(5) Mr. Fletcher was appointed Lead Director effective June 10, 2019.

(6) Each director holds office until the close of the annual meeting to be held on May 3, 2022.

As at March 17, 2022, the directors and executive officers of the Company beneficially owned, or controlled and directed, directly or indirectly, an aggregate of 12,516,735 common shares, representing approximately 32.7% of the 38,297,813 issued and outstanding common shares.

Cease Trade Orders or Bankruptcies

To the knowledge of the Company, none of the current directors or executive officers of the Company is, as at the date of this annual information, 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 Company, other than as described below, none of the directors or executive officers of the Company:

(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 Company listed in the above table, except for Messrs. Armoyan, Duggal and Ellis, served as directors and executive officers of the Company throughout the Recapitalization Transaction and Plan of Arrangement. See "*General Development of the Business – Three Year History – Recapitalization Transaction and Plan of Arrangement*" for additional information.

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 Company, no director or executive officer of the Company (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, 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 Company, other than as set forth below, there are no known existing or potential material conflicts of interest between the Company or a subsidiary of the Company and a director or officer of the Company or a subsidiary of the Company.

Mr. Armoyan, through his affiliated entities, G2S2, Armco Alberta Inc. ("Armco Alberta") and Clarke Inc. Master Trust ("Clarke Trust"), is a significant creditor of the Company through the G2S2 Loan and investments in debt securities of the Company, including as a significant holder of 1.5 Lien Notes. MATCO Investments Ltd. ("MATCO"), an investment company controlled by Ronald P. Mathison, is a significant holder 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 Company and their respective debt investments in the Company.

These and any other existing or potential conflicts of interest that arise are subject to and governed by the Company'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 Company are required to act honestly, in good faith and in the best interests of the Company. 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 AND REGULATORY PROCEEDINGS

Greek Legal Proceedings

As a result of the acquisition and amalgamation with Denison in 2004, the Company assumed certain legal obligations relating to Denison's Greek operations. In 1998, North Aegean Petroleum Company E.P.E. ("NAPC"), a Greek subsidiary of a consortium in which Denison participated (and which is now a majority-owned subsidiary of the Company), terminated employees in Greece as a result of the cessation of its oil and natural gas operations in that country. Several groups of former employees filed claims against NAPC and the consortium alleging that their termination was invalid and that their severance pay was improperly determined.

In 1999, the largest group of plaintiffs received a ruling from the Athens Court of First Instance that their termination was invalid, and that 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 Company has been served with three separate payment orders, one on March 24, 2015 and two others on December 29, 2015. The Company was also served with an enforcement order on November 23, 2015. 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 Company's position. All of these decisions were appealed, but the favorable judgments have all been confirmed in the Company's favor. The plaintiffs have filed petitions for cassation against three of the appeal judgments 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 and Regulatory Actions in respect of the Recapitalization Transaction and Plan of Arrangement

United States Appeals of Chapter 15 Enforcement Order

On December 11, 2020, Wilks Brothers, LLC and its affiliated funds (collectively "Wilks Brothers") filed a notice of appeal (the "District Court Appeal") to the United States District Court for the Southern District of Texas ("U.S. District Court") appealing the Chapter 15 Enforcement Order. At a hearing held on April 23, 2021, the U.S. District Court affirmed the Chapter 15 Enforcement Order and effectively denied the District Court Appeal (the "District Court Decision"). On June 1, 2021, Wilks Brothers filed a notice of appeal to the United States Court of Appeals for the Fifth Circuit in respect of the District Court Decision (the "Fifth Circuit Appeal"). On January 27, 2022, following the parties' January 25, 2022 Joint Motion to Stay Further Appellate Proceedings Pending Settlement Discussions, the United States Court of Appeals for the Fifth Circuit entered an order dismissing the Fifth Circuit Appeal without prejudice to either party seeking to reinstate the appeal within 180 days. The Company believes it is well-positioned to prevail on the merits of the appeal should it be reinstated.

Canadian Appeals of the CBCA Final Order

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 dismissed the leave to appeal application by Wilks Brothers with costs on May 27, 2021. The Supreme Court of Canada's dismissal of the leave to appeal application means that the CBCA Final

Order, pursuant to which the Company implemented its Recapitalization Transaction, is no longer subject to any further Canadian appeal rights, and remains in full force and effect.

Review of Toronto Stock Exchange Decision

On April 22, 2021, the Wilks Brothers filed an application to the Ontario Securities Commission (the "OSC"), requesting a hearing and review by the OSC of the decision of the Toronto Stock Exchange (the "TSX") dated March 2021 granting exemptive relief (the "TSX Decision") in respect of the rescission of the purchase of 1.5 Lien Notes acquired by an institutional shareholder (the "Subject Notes"), as disclosed in the Company's press releases dated March 1, March 29 and April 15, 2021, which can be found on SEDAR.

Following a hearing before the OSC on July 12, 2021, on July 13, 2021, the OSC issued an order dismissing Wilks Brothers' application to set aside the TSX Decision. The OSC's reasons for decision were issued to the parties on October 6, 2021. Wilks Brothers did not exercise its right of appeal from the OSC decision in the prescribed time, and as a result the OSC's decision is final.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed below and elsewhere in this annual information form, none of the Company's 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 Company.

Commitment Letter

In connection with the Recapitalization Transaction, the Company entered into a commitment letter dated as of July 13, 2020, among the Company, 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 Trust, Additional Commitment Parties 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. G2S2 subsequently transferred all of its common shares (including the common shares it received pursuant to the Senior Unsecured Notes Exchange) and 1.5 Lien Notes to an affiliated entity, Armco Alberta. See "*Noteholder Support Agreements*".

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, which can be found on SEDAR.

Noteholder Support Agreements

In connection with the Recapitalization Transaction, the Company 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 Company 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 Company, respectively.

A summary of the Noteholder Support Agreements is available in the Special Meeting Materials, which can be found 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 Company 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 Company proposes to distribute common shares by way of a prospectus, which rights allow G2S2 and MATCO to require the Company 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 each of G2S2 and MATCO (together with their respective affiliates) continue to own at least 50% of their respective initial 1.5 Lien Notes, each of G2S2 and MATCO are entitled to, nominate one director to the board of directors, among other things. 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.

The Investor Rights Agreement also provides the investor parties thereto, including G2S2 and MATCO, with anti-dilution rights 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.

G2S2 Loan

The Company and G2S2 executed the G2S2 Loan in order to fund the Company's short-term working capital requirements. As at March 15, 2022, the Company had drawn $15.0 million on the loan and can request further draws up to an additional $10.0 million, for maximum proceeds of $25.0 million, at an interest rate of 8.00%. The loan is repayable on April 29, 2022, with the option to extend the loan for a period of 60 days upon the consent of G2S2. G2S2 was added a lender under the Credit Agreement to permit the incurrence of the G2S2 Loan on a secured basis under the Credit Agreement. The G2S2 Loan is secured by the existing security interests securing the Company's obligations under the Credit Agreement, provided that G2S2's right to any realization proceeds is subordinate to the prior repayment in full of all of the other lenders. G2S2 has no voting rights as a lender under the Credit Agreement for any purpose.

TRANSFER AGENT AND REGISTRAR

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

The transfer agent, paying agent and registrar for the Company'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 Company and/or its subsidiaries, as applicable, have entered into the following material contracts since the beginning of the Company's most recently completed financial year or before the Company's most recently completed financial year if any such contract is still in effect, and which are outside of the ordinary course of the Company'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 – Three Year History – Development of the Business*" for a discussion on the Credit Agreement and amending agreements thereto.

2. ***1.5 Lien Notes Indenture*** – see "*General Development of Business – Three Year History - Recapitalization Transaction and Plan of Arrangement*" and "*Description of Capital Structure – 1.5 Second 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 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 indebtedness, including: (1) the incurrence of 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 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 to 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 "*Description of Capital Structure – Second Lien Notes*". Additionally, the Second Lien Notes Indenture has similar restrictions with respect to the incurrence of 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 Business – Three Year History - Recapitalization Transaction and Plan of Arrangement*" and "*Interest of Management and Others in Material Transactions*".

5. ***Investor Rights Agreement*** – see "*General Development of Business – Three Year History - Recapitalization Transaction and Plan of Arrangement*" and "*Interests of Management and Others in Material Transactions*".

6. ***Shareholder Rights Plan Agreement between the Company 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 Company 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.

7. ***Intercreditor and priority agreement dated February 14, 2020, among the Company, 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.

8. ***Intercreditor and priority agreement dated December 18, 2020, among the Company, 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 Company for the year ended December 31, 2021. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The Company'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 Company'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 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 Company's Audit Committee mandate requires the Audit Committee to pre-approve all non-audit services to be provided to the Company or any of its subsidiary entities by the Company's external auditor or the external auditor of the Company'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 Company'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, 2021	**December 31, 2020**
Audit fees	**445,160**	$510,979
Audit-related fees	**97,775**	$92,625
Tax-related fees	**65,743**	$71,884
All other fees	**3,465**	$108,465
Total fees	**612,143**	$783,953

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of the Company's annual financial statements or services provided in connection with statutory and regulatory filings or engagements, and in 2020 included 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.

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 in 2020 and the Spanish translation of the Company's consolidated financial statements.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issue under equity compensation plans, is contained in the Company's management information circular for the annual meeting of shareholders held on May 4, 2021.

Additional financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the year ended December 31, 2021.

Additional information relating to the Company may be found on SEDAR.

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 directorof Calfrac.

3. **Mandate:** The mandate of the Committee is to assist the Board in fulfilling its oversightresponsibilities 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 theshareholders 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 thesenior management of Calfrac to review all financial statements of Calfrac that require approval bythe 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 judgements 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 adoptingspecific 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 assessthe 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) Review the updates provided by management on the Company's significant information technology matters.

(l) Review the updates provided by management on the Company's significant tax matters.

(m) Review all complaints, confidential, anonymous and otherwise, received by Calfrac 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. Review management's investigation and resolution of said complaints.

(n) Present a report to the Board regarding Calfrac's audited financial statements for each fiscalyear 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 allmaterial respects and that the financial statements fairly reflect the financialcondition of Calfrac.

(o) 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 violationsof law, rules, regulations or Calfrac's Code of Business Conduct, and concerns regarding accounting, internal accounting controls or auditing matters, as requiredunder NI 52-110.

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

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

(r) 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 maybe transacted by the Committee at a meeting of its members at which a quorum is presentor 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 powersof the Committee so long as a quorum remains. Subject to the foregoing, each member ofthe Committee shall hold office until the close of the next annual meeting of shareholdersfollowing 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 externalauditor 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 shallbe 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 absenceof the chair, the members of the Committee present at a meeting shall appoint one of thosemembers 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 requestof the external auditor, the chair of the Committee shall convene a meeting of theCommittee to consider any matters that the external auditor indicates should be brought tothe 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 theright to inspect all the books and records of Calfrac and its subsidiaries, and to discuss suchbooks 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 ofCommittee 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 necessaryto 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 April 28, 2021 and approved by the Board on April 28, 2021.