



## Third Quarter Interim Report

For the three and nine months ended September 30, 2015

### HIGHLIGHTS

	Three Months Ended Sept. 30,			Nine Months Ended Sept. 30,		
	2015	2014	Change	2015	2014	Change
(C\$000s, except per share and unit data)	(\$)	(\$)	(%)	(\$)	(\$)	(%)
(unaudited)						
Financial						
Revenue	<b>289,075</b>	697,440	(59)	<b>1,209,011</b>	1,748,035	(31)
Operating income <sup>(1)</sup>	<b>2,775</b>	126,058	(98)	<b>23,597</b>	235,008	(90)
Per share - basic	<b>0.03</b>	1.33	(98)	<b>0.25</b>	2.50	(90)
Per share - diluted	<b>0.03</b>	1.32	(98)	<b>0.25</b>	2.48	(90)
Net income (loss) attributable to the shareholders of Calfrac before foreign exchange gains or losses <sup>(2)</sup>	<b>(23,683)</b>	48,611	NM	<b>(80,172)</b>	49,956	NM
Per share - basic	<b>(0.25)</b>	0.51	NM	<b>(0.84)</b>	0.53	NM
Per share - diluted	<b>(0.25)</b>	0.51	NM	<b>(0.84)</b>	0.53	NM
Net income (loss) attributable to the shareholders of Calfrac	<b>(24,191)</b>	44,465	NM	<b>(80,096)</b>	40,506	NM
Per share - basic	<b>(0.25)</b>	0.47	NM	<b>(0.84)</b>	0.43	NM
Per share - diluted	<b>(0.25)</b>	0.46	NM	<b>(0.84)</b>	0.43	NM
Working capital (end of period)	<b>296,816</b>	393,653	(25)	<b>296,816</b>	393,653	(25)
Total equity (end of period)	<b>742,972</b>	828,537	(10)	<b>742,972</b>	828,537	(10)
Weighted average common shares outstanding (000s)						
Basic	<b>95,523</b>	94,569	1	<b>95,453</b>	93,820	2
Diluted	<b>95,692</b>	95,681	—	<b>95,622</b>	94,730	1
Operating (end of period)						
Active pumping horsepower (000s)	<b>754</b>	1,235	(39)	<b>754</b>	1,235	(39)
Idle pumping horsepower (000s)	<b>533</b>	—	—	<b>533</b>	—	—
Total pumping horsepower (000s)	<b>1,287</b>	1,235	4	<b>1,287</b>	1,235	4
Active coiled tubing units (#)	<b>20</b>	36	(44)	<b>20</b>	36	(44)
Idle coiled tubing units (#)	<b>17</b>	—	—	<b>17</b>	—	—
Total coiled tubing units (#)	<b>37</b>	36	3	<b>37</b>	36	3
Active cementing units (#)	<b>28</b>	31	(10)	<b>28</b>	31	(10)
Idle cementing units (#)	<b>3</b>	—	—	<b>3</b>	—	—
Total cementing units (#)	<b>31</b>	31	—	<b>31</b>	31	—

<sup>(1)</sup> Refer to "Non-GAAP Measures" on page 21 for further information.

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

## THIRD QUARTER 2015 OVERVIEW

### CONSOLIDATED HIGHLIGHTS

Three Months Ended September 30,	2015	2014	Change
(C\$000s, except operational information) (unaudited)	(\$)	(\$)	(%)
Revenue	<b>289,075</b>	697,440	(59)
Expenses			
Operating	<b>269,799</b>	535,092	(50)
Selling, general and administrative (SG&A)	<b>16,501</b>	36,290	(55)
	<b>286,300</b>	571,382	(50)
Operating income <sup>(1)</sup>	<b>2,775</b>	126,058	(98)
Operating income (%)	<b>1.0</b>	18.1	(94)
Fracturing revenue per job (\$) <sup>(2)</sup>	<b>34,727</b>	49,117	(29)
Number of fracturing jobs <sup>(2)</sup>	<b>7,070</b>	13,050	(46)
Active pumping horsepower, end of period (000s)	<b>754</b>	1,235	(39)
Idle pumping horsepower, end of period (000s) <sup>(3)</sup>	<b>533</b>	—	—
Total pumping horsepower, end of period (000s) <sup>(3)</sup>	<b>1,287</b>	1,235	4
Coiled tubing revenue per job (\$)	<b>37,011</b>	40,426	(8)
Number of coiled tubing jobs	<b>590</b>	788	(25)
Active coiled tubing units, end of period (#)	<b>20</b>	36	(44)
Idle coiled tubing units, end of period (#)	<b>17</b>	—	—
Total coiled tubing units, end of period (#)	<b>37</b>	36	3
Cementing revenue per job (\$)	<b>46,274</b>	36,154	28
Number of cementing jobs	<b>433</b>	577	(25)
Active cementing units, end of period (#)	<b>28</b>	31	(10)
Idle cementing units, end of period (#)	<b>3</b>	—	—
Total cementing units, end of period (#)	<b>31</b>	31	—

<sup>(1)</sup> Refer to "Non-GAAP Measures" on page 21 for further information.

<sup>(2)</sup> Comparative amounts have been adjusted to reflect job count as fracturing stages completed.

<sup>(3)</sup> Excludes 40,000 pumping horsepower that has not been commissioned at September 30, 2015 (September 30, 2014 - nil).

Revenue in the third quarter of 2015 was \$289.1 million, a decrease of 59 percent from the same period in 2014. The Company's fracturing job count decreased by 46 percent due to lower activity in Canada and the United States while consolidated revenue per fracturing job decreased by 29 percent primarily due to significantly lower pricing in Canada and the United States, lower activity in more service intensive operating areas, partially offset by the appreciation of the U.S. dollar. Cementing revenue per job increased by 28 percent primarily due to the completion of larger jobs in the Marcellus shale play in the United States.

Pricing in Canada declined on average by 25 percent in the third quarter of 2015 from the third quarter of 2014. In the United States, pricing was lower by an average of 35 percent compared to the third quarter of 2014. In Argentina, pricing was down by less than 10 percent following an agreed price reduction during the first quarter of 2015 in light of lower crude oil prices in that market. In Russia, pricing is determined by contract awards which resulted in the Company achieving a nominal pricing increase during the most recent contract renewal process.

Operating income for the third quarter of 2015 was \$2.8 million, a decline of 98 percent from the comparable period in 2014. Operating income as a percentage of revenue declined from 18.1 percent to 1.0 percent compared to the same period last year due to significantly lower pricing in the United States and Canada, and to a lesser extent, Argentina, combined with lower utilization in North America.

Net loss attributable to shareholders of Calfrac was \$24.2 million or \$0.25 per share diluted, compared to net income of \$44.5 million or \$0.46 per share diluted in the same period last year, primarily due to significantly lower activity and pricing combined with the pre-tax write-off of \$13.8 million and \$9.5 million of deferred tax assets and goodwill,

respectively, partially offset by a pre-tax \$31.0 million net gain on acquisition recorded during the third quarter of 2015. In the third quarter of 2015, Calfrac declared a quarterly dividend of \$0.015625 per share.

Three Months Ended	September 30, 2015	June 30, 2015	Change
(C\$000s, except operational information) (unaudited)	(\$)	(\$)	(%)
Revenue	<b>289,075</b>	319,553	(10)
Expenses			
Operating	<b>269,799</b>	307,880	(12)
SG&A	<b>16,501</b>	18,695	(12)
	<b>286,300</b>	326,575	(12)
Operating income (loss) <sup>(1)</sup>	<b>2,775</b>	(7,022)	NM
Operating income (loss) (%)	<b>1.0</b>	(2.2)	NM
Fracturing revenue per job (\$)	<b>34,727</b>	48,949	(29)
Number of fracturing jobs	<b>7,070</b>	5,710	24
Active pumping horsepower, end of period (000s)	<b>754</b>	804	(6)
Idle pumping horsepower, end of period (000s) <sup>(2)</sup>	<b>533</b>	455	17
Total pumping horsepower, end of period (000s) <sup>(2)</sup>	<b>1,287</b>	1,259	2
Coiled tubing revenue per job (\$)	<b>37,011</b>	44,097	(16)
Number of coiled tubing jobs	<b>590</b>	468	26
Active coiled tubing units, end of period (#)	<b>20</b>	20	—
Idle coiled tubing units, end of period (#)	<b>17</b>	17	—
Total coiled tubing units, end of period (#)	<b>37</b>	37	—
Cementing revenue per job (\$)	<b>46,274</b>	44,137	5
Number of cementing jobs	<b>433</b>	384	13
Active cementing units, end of period (#)	<b>28</b>	26	8
Idle cementing units, end of period (#)	<b>3</b>	5	(40)
Total cementing units, end of period (#)	<b>31</b>	31	—

<sup>(1)</sup> Refer to "Non-GAAP Measures" on page 21 for further information.

<sup>(2)</sup> Excludes 40,000 pumping horsepower that has not been commissioned at September 30, 2015 (September 30, 2014 - nil)

Revenue in the third quarter of 2015 was \$289.1 million, a decrease of 10 percent from the second quarter of 2015. Revenue per fracturing job decreased by 29 percent due to lower pricing in the United States and Canada combined with the completion of smaller jobs. The decrease in revenue per fracturing job was partially offset by the appreciation of the U.S. dollar. Operating income as a percentage of revenue increased by 320 basis points primarily due to higher activity in Canada as spring break-up ended combined with the impact of cost reduction initiatives in both the United States and Canada.

Pricing in Canada was consistent with the second quarter of 2015. In the United States, pricing was down approximately 5 percent from the second quarter of 2015. In Argentina and Russia, pricing was consistent with the previous quarter.

In Canada, revenue increased by 82 percent to \$121.5 million in the third quarter of 2015 due to higher activity after spring break-up conditions ended in the second quarter offset partially by the completion of smaller jobs. Operating income as a percentage of revenue improved to 9 percent from negative 9 percent due to higher activity and cost reductions realized during the quarter.

In the United States, revenue in the third quarter of 2015 declined by 46 percent from the second quarter of 2015 to \$93.1 million, mainly as a result of lower activity and, to lesser extent, pricing. The decline in reported revenue was partially offset by the strengthening of the U.S. dollar. Total proppant used declined by 51 percent sequentially while tons per fracturing job declined by 31 percent due to changes in geographical job mix. Operating income as a percentage of revenue decreased from a break-even position in the second quarter of 2015 to negative 7 percent in the third quarter due to lower equipment utilization and pricing offset partially by cost reductions.

In Russia, revenue decreased to \$35.9 million in the third quarter of 2015 from \$38.9 million in the second quarter of 2015. The decrease resulted from the rouble depreciating 11 percent. Fracturing activity was 12 percent lower primarily

due to service rig issues and wet weather-related issues during the early part of the third quarter. The decline in activity was offset by the completion of larger jobs during the third quarter. Operating income as a percentage of revenue remained consistent at 12 percent.

In Latin America, revenue declined 7 percent to \$38.6 million. The decrease was primarily due to lower activity in Mexico combined with a \$1.1 million revenue reduction that related to prior years. Operating income as a percentage of revenue declined from 10 percent in the second quarter to 2 percent in the third quarter due to the one time revenue adjustment in Mexico combined with higher district overhead and SG&A in Argentina resulting from an expanded unconventional fracturing presence in that country.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

*This Management's Discussion and Analysis (MD&A) for Calfrac Well Services Ltd. ("Calfrac" or the "Company") has been prepared by management as of October 28, 2015 and is a review of the Company's financial condition and results of operations based on International Financial Reporting Standards (IFRS).*

*The focus of this MD&A is a comparison of the financial performance for the three and nine months ended September 30, 2015 and 2014. It should be read in conjunction with the interim consolidated financial statements for the three and nine months ended September 30, 2015 as well as the audited consolidated financial statements and MD&A for the year ended December 31, 2014.*

*Readers should also refer to the "Forward-Looking Statements" legal advisory at the end of this MD&A. All financial amounts and measures presented are expressed in Canadian dollars unless otherwise indicated. The definitions of certain non-GAAP measures used are included on page 21.*

## CALFRAC'S BUSINESS

Calfrac is an independent provider of specialized oilfield services in Canada, the United States, Russia, Mexico and Argentina, including hydraulic fracturing, coiled tubing, cementing and other well stimulation services.

The Company's reportable business segments during the three months ended September 30, 2015 were as follows:

- The Canadian segment is focused on the provision of fracturing and coiled tubing services to a diverse group of oil and natural gas exploration and production companies operating in Alberta, northeast British Columbia, Saskatchewan and southwest Manitoba. The Company's customer base in Canada ranges from large multi-national public companies to small private companies. At September 30, 2015, Calfrac's Canadian operations had active horsepower of approximately 230,000 and six active coiled tubing units. At the end of the third quarter, the Company had temporarily idled approximately 195,000 horsepower and 12 coiled tubing units.
- The United States segment provides pressure pumping services from operating bases in Arkansas, Colorado, North Dakota, Pennsylvania and Texas. The Company provides fracturing services to oil and natural gas companies operating in the Bakken oil shale play in North Dakota and the Rockies area which includes the Piceance Basin of western Colorado, the Uintah Basin of northeast Utah and the Denver-Julesburg Basin centered in eastern Colorado and extending into southeast Wyoming, including the Niobrara oil play of northern Colorado. The Company also has fracturing operations in southern Texas servicing the Eagle Ford shale play. Calfrac also provides fracturing and cementing services to customers operating in the Marcellus and Utica shale plays in Pennsylvania, Ohio and West Virginia. During the second quarter of 2015, the Company elected to suspend its fracturing operations in the Fayetteville shale play of Arkansas but continues to provide cementing operations in that play. At September 30, 2015, Calfrac's United States operations had combined active horsepower of approximately 336,000 and 15 active cementing units. At the end of the third quarter, the Company had temporarily idled approximately 338,000 horsepower, three cementing units and five coiled tubing units.
- The Company's Russian segment provides fracturing and coiled tubing services in Western Siberia. During 2015, the Company has operated under a mix of annual and multi-year agreements to provide services to a number of Russia's largest oil producers. At September 30, 2015, the Company operated seven deep coiled tubing units and approximately 70,000 horsepower forming seven fracturing spreads in Russia.
- The Latin America segment provides pressure pumping services from operating bases in Argentina and Mexico. In Argentina, the Company provides fracturing, cementing and coiled tubing services to oil and natural gas companies operating in the Catriel, Las Heras and Neuquén regions. The Company also provides fracturing and coiled tubing services to customers operating in the Burgos field of northern Mexico. The Company had approximately 118,000 horsepower, 13 cementing units and seven coiled tubing units in its Latin America segment at September 30, 2015.

## CONSOLIDATED HIGHLIGHTS

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Change	2015	2014	Change
(C\$000s, except per share amounts) (unaudited)	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Revenue	<b>289,075</b>	697,440	(59)	<b>1,209,011</b>	1,748,035	(31)
Operating income <sup>(1)</sup>	<b>2,775</b>	126,058	(98)	<b>23,597</b>	235,008	(90)
Per share – basic	<b>0.03</b>	1.33	(98)	<b>0.25</b>	2.50	(90)
Per share – diluted	<b>0.03</b>	1.32	(98)	<b>0.25</b>	2.48	(90)
Net income (loss) attributable to the shareholders of Calfrac	<b>(24,191)</b>	44,465	NM	<b>(80,096)</b>	40,506	NM
Per share – basic	<b>(0.25)</b>	0.47	NM	<b>(0.84)</b>	0.43	NM
Per share – diluted	<b>(0.25)</b>	0.46	NM	<b>(0.84)</b>	0.43	NM

As at	September 30, 2015	December 31, 2014	Change
(C\$000s) (unaudited)	(\$)	(\$)	(%)
Working capital, end of period	<b>296,816</b>	441,234	(33)
Total assets, end of period	<b>1,913,553</b>	2,157,367	(11)
Long-term debt, end of period	<b>850,372</b>	738,386	15
Total equity, end of period	<b>742,972</b>	832,403	(11)

<sup>(1)</sup> Refer to "Non-GAAP Measures" on page 21 for further information.

## THIRD QUARTER 2015 OVERVIEW

In the third quarter of 2015, the Company:

- generated revenue of \$289.1 million, a 59 percent decrease from the third quarter of 2014, resulting primarily from lower activity and pricing in North America, offset partially by revenue growth in Argentina;
- reported operating income of \$2.8 million versus operating income of \$126.1 million in the third quarter of 2014, a decrease of 98 percent, mainly as a result of weaker pricing for the Company's services in Canada and the United States combined with significantly lower equipment utilization in North America. Cost reductions implemented across the Company mitigated the decline in operating income;
- reported a net loss attributable to shareholders of Calfrac of \$24.2 million or \$0.25 per share diluted, which included a \$31.0 million net gain on business combination and the write-off of \$13.8 million and \$9.5 million of deferred tax assets and goodwill, respectively, compared to net income of \$44.5 million or \$0.46 per share diluted in the third quarter of 2014;
- reported period-end working capital of \$296.8 million including cash of \$54.9 million versus \$441.2 million and \$99.1 million at December 31, 2014, respectively; and
- incurred capital expenditures of \$24.9 million, which were focused on the expansion of its fracturing fleets in the United States, Argentina and Canada.

In the nine months ended September 30, 2015, Calfrac:

- generated revenue of \$1.2 billion versus \$1.7 billion in the first nine months of 2014, the decline being due primarily to lower activity and pricing in North America, offset partially by revenue growth in Argentina and the continued industry trend of greater service intensity and more stages completed per well in Canada and the United States;
- reported operating income of \$23.6 million compared to \$235.0 million in 2014, a decrease of 90 percent, mainly as a result of weaker pricing for the Company's services in Canada and the United States. Financial results in Argentina also contributed to the year-over-year decline in operating income due to lower pricing and higher SG&A and district overhead costs associated with its expanded unconventional fracturing operations;

- reported a net loss attributable to shareholders of Calfrac of \$80.1 million or \$0.84 per share diluted, which included a \$31.0 million net gain on business combination and the write off of \$13.8 million and \$9.5 million of deferred tax assets and goodwill respectively, compared to net income of \$40.5 million or \$0.43 per share diluted in 2014; and
- incurred capital expenditures of \$128.0 million, which were focused on the expansion of its fracturing fleets in the United States, Argentina and Canada.

## FINANCIAL OVERVIEW - THREE MONTHS ENDED SEPTEMBER 30, 2015 VERSUS 2014

### CANADA

Three Months Ended September 30,	2015	2014	Change
(C\$000s, except operational information)	(\$)	(\$)	(%)
(unaudited)			
Revenue	<b>121,469</b>	282,077	(57)
Expenses			
Operating	<b>108,285</b>	209,724	(48)
SG&A	<b>2,554</b>	7,303	(65)
	<b>110,839</b>	217,027	(49)
Operating income <sup>(1)</sup>	<b>10,630</b>	65,050	(84)
Operating income (%)	<b>8.8</b>	23.1	(62)
Fracturing revenue per job (\$) <sup>(2)</sup>	<b>26,339</b>	37,472	(30)
Number of fracturing jobs <sup>(2)</sup>	<b>4,320</b>	7,131	(39)
Active pumping horsepower, end of period (000s)	<b>230</b>	387	(41)
Idle pumping horsepower, end of period (000s)	<b>195</b>	—	—
Total pumping horsepower, end of period (000s)	<b>425</b>	387	10
Coiled tubing revenue per job (\$)	<b>23,007</b>	31,091	(26)
Number of coiled tubing jobs	<b>334</b>	478	(30)
Active coiled tubing units, end of period (#)	<b>6</b>	17	(65)
Idle coiled tubing units, end of period (#)	<b>12</b>	—	—
Total coiled tubing units, end of period (#)	<b>18</b>	17	6

<sup>(1)</sup> Refer to "Non-GAAP Measures" on page 21 for further information.

<sup>(2)</sup> Comparative amounts have been adjusted to reflect job count as fracturing stages completed.

### REVENUE

Revenue from Calfrac's Canadian operations during the third quarter of 2015 was \$121.5 million versus \$282.1 million in the same period of 2014. The 57 percent decrease was primarily due to significantly lower activity and lower pricing for the Company's fracturing services. Revenue per fracturing job decreased by 30 percent from the same period in the prior year as a result of significant pricing reductions and job mix offset partially by the impact of greater service intensity. Total proppant per reported fracturing job increased by 12 percent over the prior year. Coiled tubing jobs decreased by 30 percent from the prior year due to lower activity in all operating regions.

### OPERATING INCOME

Operating income in Canada during the third quarter of 2015 was \$10.6 million compared to \$65.1 million in the same period of 2014. The Company was able to mitigate the impact of lower activity and pricing through the implementation of several cost reduction initiatives designed to remain competitive in a lower-price environment. Operating costs were 48 percent lower than in the comparable quarter of 2014, which is attributable to the decline in activity combined with the impact of cost savings realized during the quarter. Calfrac has realized reductions of approximately 25 percent for proppant, 22 percent for third party subcontractors and 12 percent for chemical costs year-to-date. The impact of a weaker Canadian dollar on the cost of proppant and chemicals that are primarily sourced from the United States partially offset the product cost reductions achieved through supply chain initiatives. During the quarter, the Company had approximately 195,000 horsepower temporarily idled in Canada rather than operate at margins that did not meet its required financial returns. SG&A expenses declined by 65 percent year-over-year, primarily due to workforce reductions, which have totaled approximately 40 percent since the end of 2014 and a lower compensation structure combined with a reclassification of \$1.3 million of employee costs from SG&A to operating costs during the quarter. Overall, the Canadian division has reduced its fixed cost structure by roughly 48 percent since the end of 2014.

## UNITED STATES

Three Months Ended September 30,	2015	2014	Change
(C\$000s, except operational and exchange rate information) (unaudited)	(\$)	(\$)	(%)
Revenue	<b>93,142</b>	331,862	(72)
Expenses			
Operating	<b>94,290</b>	255,227	(63)
SG&A	<b>5,704</b>	9,362	(39)
	<b>99,994</b>	264,589	(62)
Operating income (loss) <sup>(1)</sup>	<b>(6,852)</b>	67,273	NM
Operating income (loss) (%)	<b>(7.4)</b>	20.3	NM
Fracturing revenue per job (\$)	<b>38,165</b>	58,740	(35)
Number of fracturing jobs	<b>2,222</b>	5,377	(59)
Active pumping horsepower, end of period (000s)	<b>336</b>	676	(50)
Idle pumping horsepower, end of period (000s)	<b>338</b>	—	—
Total pumping horsepower, end of period (000s)	<b>674</b>	676	—
Coiled tubing revenue per job (\$)	—	78,980	(100)
Number of coiled tubing jobs	—	58	(100)
Active coiled tubing units, end of period (#)	—	8	(100)
Idle coiled tubing units, end of period (#)	<b>5</b>	—	—
Total coiled tubing units, end of period (#)	<b>5</b>	8	(38)
Cementing revenue per job (\$)	<b>54,869</b>	37,876	45
Number of cementing jobs	<b>152</b>	302	(50)
Active cementing units, end of period (#)	<b>15</b>	18	(17)
Idle cementing units, end of period (#)	<b>3</b>	—	—
Total cementing units, end of period (#)	<b>18</b>	18	—
US\$/C\$ average exchange rate <sup>(2)</sup>	<b>1.3087</b>	1.0891	20

<sup>(1)</sup> Refer to "Non-GAAP Measures" on page 21 for further information.

<sup>(2)</sup> Source: Bank of Canada.

## REVENUE

Revenue from Calfrac's United States operations decreased to \$93.1 million during the third quarter of 2015 from \$331.9 million in the comparable quarter of 2014 due to significantly lower fracturing activity in Pennsylvania, south Texas, North Dakota and Arkansas resulting in 59 percent fewer fracturing jobs period-over-period. Activity in the Rockies remained resilient during the quarter due to an active customer base in this region. Revenue per job was 35 percent lower year-over-year due to significantly weaker pricing and, to a lesser extent, job mix. Proppant per fracturing job decreased by 19 percent from the same period in the prior year due to lower activity in more service intensive regions such as the Marcellus shale gas play.

## OPERATING INCOME (LOSS)

The Company's United States operations experienced an operating loss of \$6.9 million for the third quarter of 2015 compared to operating income of \$67.3 million in the same period in 2014. The decline was primarily due to significantly lower pricing and utilization. Operating income as a percentage of revenue declined materially from 20 percent in the third quarter of 2014 to a loss of 7 percent in 2015. The reversal in the operating income percentage from income to loss was due to intense pricing competition from many of the Company's major competitors and lower equipment utilization in Pennsylvania, south Texas and North Dakota. The closure of Calfrac's fracturing operations in Arkansas during the second quarter of 2015 also contributed to the operating loss. Mitigating the overall trend were pricing reductions for proppant on average by 28 percent while chemical costs were down 25 percent from the beginning of the year. In addition, Calfrac had approximately 338,000 horsepower idled in the United States during the quarter. SG&A expenses decreased by 39 percent in the third quarter of 2015 from the same period in the prior year due to cost reductions that were initiated towards the end of the first quarter and continued throughout the second and third quarters. Overall, the United States division has reduced its headcount by approximately 50 percent and its fixed cost structure by 59 percent since the end of 2014.



**RUSSIA**

Three Months Ended September 30,	2015	2014	Change
(C\$000s, except operational and exchange rate information) (unaudited)	(\$)	(\$)	(%)
Revenue	<b>35,874</b>	43,895	(18)
Expenses			
Operating	<b>30,944</b>	36,314	(15)
SG&A	<b>597</b>	1,708	(65)
	<b>31,541</b>	38,022	(17)
Operating income <sup>(1)</sup>	<b>4,333</b>	5,873	(26)
Operating income (%)	<b>12.1</b>	13.4	(10)
Fracturing revenue per job (\$)	<b>97,935</b>	111,691	(12)
Number of fracturing jobs	<b>313</b>	323	(3)
Pumping horsepower, end of period (000s)	<b>70</b>	70	—
Coiled tubing revenue per job (\$)	<b>38,956</b>	53,925	(28)
Number of coiled tubing jobs	<b>134</b>	145	(8)
Coiled tubing units, end of period (#)	<b>7</b>	7	—
Rouble/C\$ average exchange rate <sup>(2)</sup>	<b>0.0208</b>	0.0300	(31)

<sup>(1)</sup> Refer to "Non-GAAP Measures" on page 21 for further information.

<sup>(2)</sup> Source: Bank of Canada.

**REVENUE**

During the third quarter of 2015, revenue from Calfrac's Russian operations decreased by 18 percent to \$35.9 million from \$43.9 million in the corresponding three-month period of 2014. The decrease in revenue, which is generated in roubles, was primarily related to the 31 percent devaluation of the Russian rouble in the third quarter of 2015 from the third quarter of 2014. The decline in the rouble was partially offset by higher fracturing and coiled tubing activity in Nefteugansk. Revenue per fracturing job declined by 12 percent due to the currency devaluation offset partially by the completion of larger jobs in Nefteugansk where Calfrac provides proppant to its largest customer in the region.

**OPERATING INCOME**

Operating income in Russia was \$4.3 million during the third quarter of 2015 compared to \$5.9 million in the corresponding period of 2014, the decline being primarily due to the 31 percent devaluation of the rouble. Operating income as a percentage of revenue decreased from 13 percent to 12 percent due to Calfrac providing a large volume of proppant to a customer, which is priced at lower margins than completion service work. SG&A expenses declined by 65 percent in the third quarter of 2015 from the prior year's quarter due to the impact of the depreciation of the Russian rouble and cost reduction initiatives.

## LATIN AMERICA

Three Months Ended September 30,	2015	2014	Change
(C\$000s, except operational and exchange rate information) (unaudited)	(\$)	(\$)	(%)
Revenue	<b>38,590</b>	39,606	(3)
Expenses			
Operating	<b>34,047</b>	30,579	11
SG&A	<b>3,777</b>	3,662	3
	<b>37,824</b>	34,241	10
Operating income <sup>(1)</sup>	<b>766</b>	5,365	(86)
Operating income (%)	<b>2.0</b>	13.5	(85)
Pumping horsepower, end of period (000s)	<b>118</b>	102	16
Cementing units, end of period (#)	<b>13</b>	13	—
Coiled tubing units, end of period (#)	<b>7</b>	4	75
Mexican peso/C\$ average exchange rate <sup>(2)</sup>	<b>0.0796</b>	0.0830	(4)
Argentinean peso/C\$ average exchange rate <sup>(2)</sup>	<b>0.1415</b>	0.1313	8

<sup>(1)</sup> Refer to "Non-GAAP Measures" on page 21 for further information.

<sup>(2)</sup> Source: Bank of Canada.

## REVENUE

Calfrac's Latin American operations generated total revenue of \$38.6 million during the third quarter of 2015 versus \$39.6 million in the comparable three-month period in 2014. Revenue in Argentina increased by \$4.2 million due to higher fracturing and cementing activity offset partially by a pricing decrease that was implemented during the first quarter of 2015. The increase in revenue in Argentina was more than offset by lower revenue in Mexico and Colombia during the quarter. Lower revenue in Mexico was the result of lower year-over-year activity combined with a one-time revenue reduction of \$1.1 million related to a final contractual settlement with its major customer. The Company completed its existing commitments in Colombia during the second quarter of 2015 and is in the process of closing operations.

## OPERATING INCOME

Operating income in Latin America for the three months ended September 30, 2015 was \$0.8 million compared to \$5.4 million in the comparative quarter in 2014. Operating income in the third quarter of 2015 was lower due to a one-time revenue reduction totaling \$1.1 million in Mexico combined with higher SG&A and district overhead costs in Argentina related to the Company's expanded unconventional fracturing operations.

## CORPORATE

Three Months Ended September 30,	2015	2014	Change
(C\$000s)	(\$)	(\$)	(%)
(unaudited)			
Expenses			
Operating	<b>2,234</b>	3,247	(31)
SG&A	<b>3,868</b>	14,256	(73)
	<b>6,102</b>	17,503	(65)
Operating loss <sup>(1)</sup>	<b>(6,102)</b>	(17,503)	(65)
% of Revenue	<b>2.1</b>	2.5	(16)

<sup>(1)</sup> Refer to "Non-GAAP Measures" on page 21 for further information.

## OPERATING LOSS

The 65 percent decline in corporate expenses from the third quarter of 2014 includes a reduction in stock-based compensation expense of \$4.5 million resulting from a significant decline in the Company's stock price at the end of the quarter. In addition, the Company greatly reduced its costs throughout the first nine months of 2015 to better align its cost structure with anticipated activity levels. These initiatives contributed approximately \$7.0 million to the overall decrease in corporate expenses primarily by reducing corporate personnel costs and annual bonuses.

## DEPRECIATION

For the three months ended September 30, 2015, depreciation expense increased by 11.3 percent to \$39.5 million from \$35.5 million in the corresponding quarter of 2014. The increase was mainly a result of a weaker Canadian dollar relative to the U.S. dollar.

## FOREIGN EXCHANGE LOSSES

The Company recorded a foreign exchange loss of \$1.8 million during the third quarter of 2015 versus a loss of \$5.8 million in the comparative three-month period of 2014. Foreign exchange gains and losses arise primarily from the translation of net monetary assets or liabilities that were held in U.S. dollars in Canada, Russia and Latin America. The Company's third-quarter 2015 foreign exchange loss was largely attributable to the translation of U.S. dollar-denominated liabilities held in Argentina and Russia as the value of the Argentinean peso and Russian rouble depreciated against the U.S. dollar during the third quarter. The foreign exchange loss was partially offset by U.S. dollar-denominated assets held in Canada as the U.S. dollar appreciated against the Canadian dollar during the third quarter.

## INTEREST

The Company's net interest expense of \$17.9 million for the third quarter of 2015 was \$3.2 million higher than in the comparable period of 2014. Interest expense on U.S. dollar-denominated debt was higher due to a weaker Canadian dollar relative to the U.S. dollar. Amounts drawn on the Company's revolving credit facility were consistent with the comparable quarter in 2014.

## INCOME TAXES

The Company recorded an income tax recovery of \$9.4 million during the third quarter of 2015 compared to an expense of \$24.7 million in the comparable period of 2014. The third quarter of 2015 results included the write-off of \$13.8 million of deferred tax assets, an impairment of goodwill of \$9.5 million as well as a gain on acquisition of \$31.0 million. Excluding these one-time items the income tax recovery would have been \$23.2 million leading to an effective tax rate of 42 percent.

## SUMMARY OF QUARTERLY RESULTS

Three Months Ended	Dec. 31, 2013	Mar. 31, 2014	Jun. 30, 2014	Sep. 30, 2014	Dec. 31, 2014	Mar. 31, 2015	Jun. 30, 2015	Sep. 30, 2015
(unaudited)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Financial</b>								
(C\$000s, except per share and operating data)								
Revenue	463,054	547,638	502,957	697,440	748,896	600,383	319,553	<b>289,075</b>
Operating income (loss) <sup>(1)</sup>	57,416	64,117	44,833	126,058	122,202	27,844	(7,022)	<b>2,775</b>
Per share - basic <sup>(2)</sup>	0.62	0.69	0.48	1.33	1.29	0.29	(0.07)	<b>0.03</b>
Per share - diluted <sup>(2)</sup>	0.62	0.68	0.47	1.32	1.28	0.29	(0.07)	<b>0.03</b>
Net income (loss) attributable to the shareholders of Calfrac	11,764	8,946	(12,905)	44,465	26,470	(12,628)	(43,277)	<b>(24,191)</b>
Per share - basic <sup>(2)</sup>	0.13	0.10	(0.14)	0.47	0.28	(0.13)	(0.45)	<b>(0.25)</b>
Per share - diluted <sup>(2)</sup>	0.13	0.10	(0.14)	0.46	0.28	(0.13)	(0.45)	<b>(0.25)</b>
Capital expenditures	45,227	27,331	35,312	62,909	52,033	52,669	50,356	<b>24,945</b>
Working capital (end of period)	319,934	338,916	334,320	393,653	441,234	413,950	340,639	<b>296,816</b>
Total equity (end of period)	795,207	803,904	794,615	828,537	832,403	818,825	775,646	<b>742,972</b>
<b>Operating (end of period)</b>								
Active pumping horsepower (000s)	1,194	1,215	1,217	1,235	1,254	1,259	804	<b>754</b>
Idle pumping horsepower (000s) <sup>(3)</sup>	—	—	—	—	—	—	455	<b>533</b>
Total pumping horsepower (000s) <sup>(3)</sup>	1,194	1,215	1,217	1,235	1,254	1,259	1,259	<b>1,287</b>
Active coiled tubing units (#)	38	34	36	36	36	37	20	<b>20</b>
Idle coiled tubing units (#)	—	—	—	—	—	—	17	<b>17</b>
Total coiled tubing units (#)	38	34	36	36	36	37	37	<b>37</b>
Active cementing units (#)	31	31	31	31	31	31	26	<b>28</b>
Idle cementing units (#)	—	—	—	—	—	—	5	<b>3</b>
Total cementing units (#)	31	31	31	31	31	31	31	<b>31</b>

<sup>(1)</sup> Refer to "Non-GAAP Measures" on page 21 for further information.

<sup>(2)</sup> Comparative amounts were adjusted to reflect the Company's two-for-one common share split that occurred on June 2, 2014.

<sup>(3)</sup> Excludes 40,000 pumping horsepower that has not been commissioned at September 30, 2015

## SEASONALITY OF OPERATIONS

The Company's North American business is seasonal. The lowest activity is typically experienced during the second quarter of the year when road weight restrictions are in place due to spring break-up weather conditions and access to well sites in Canada and North Dakota is reduced (refer to "Business Risks – Seasonality" in the 2014 Annual Report).

## FOREIGN EXCHANGE FLUCTUATIONS

The Company's consolidated financial statements are reported in Canadian dollars. Accordingly, the quarterly results are directly affected by fluctuations in the exchange rates for United States, Russian, Mexican and Argentinean currency (refer to "Business Risks – Fluctuations in Foreign Exchange Rates" in the 2014 Annual Report).

## FINANCIAL OVERVIEW - NINE MONTHS ENDED SEPTEMBER 30, 2015 VERSUS 2014

### CANADA

Nine Months Ended September 30,	2015	2014	Change
(C\$000s, except operational information)	(\$)	(\$)	(%)
(unaudited)			
Revenue	<b>409,761</b>	645,964	(37)
Expenses			
Operating	<b>377,983</b>	521,981	(28)
SG&A	<b>7,015</b>	15,776	(56)
	<b>384,998</b>	537,757	(28)
Operating income <sup>(1)</sup>	<b>24,763</b>	108,207	(77)
Operating income (%)	<b>6.0</b>	16.8	(64)
Fracturing revenue per job (\$) <sup>(2)</sup>	<b>33,961</b>	36,287	(6)
Number of fracturing jobs <sup>(2)</sup>	<b>11,387</b>	16,832	(32)
Active pumping horsepower, end of period (000s)	<b>230</b>	387	(41)
Idle pumping horsepower, end of period (000s)	<b>195</b>	—	—
Total pumping horsepower, end of period (000s)	<b>425</b>	387	10
Coiled tubing revenue per job (\$)	<b>23,545</b>	29,718	(21)
Number of coiled tubing jobs	<b>979</b>	1,184	(17)
Active coiled tubing units, end of period (#)	<b>6</b>	17	(65)
Idle coiled tubing units, end of period (#)	<b>12</b>	—	—
Total coiled tubing units, end of period (#)	<b>18</b>	17	6

<sup>(1)</sup> Refer to "Non-GAAP Measures" on page 21 for further information.

<sup>(2)</sup> Comparative amounts have been adjusted to reflect job count as fracturing stages completed.

### REVENUE

Revenue from Calfrac's Canadian operations during the first nine months of 2015 was \$409.8 million versus \$646.0 million in the same period of 2014. The decrease was primarily due to a mix of lower pricing and lower activity for the Company's fracturing services. Revenue per fracturing job decreased by 6 percent from the same period in the prior year primarily due to lower pricing and job mix as unconventional oil fracturing activity, which is less service intensive, contributed a larger proportion of overall revenue. Coiled tubing jobs decreased by 17 percent from the prior year due to lower activity in all operating regions.

### OPERATING INCOME

Operating income in Canada during the first nine months of 2015 was \$24.8 million compared to \$108.2 million in the same period of 2014. The decrease in operating income was the result of significantly lower pricing and utilization partially offset by cost reductions for proppant, third party subcontractors and chemical costs year-to-date. The impact of a weaker Canadian dollar on the cost of proppant and chemicals that are primarily sourced from the United States partially offset the product cost reductions achieved through supply chain initiatives. SG&A expenses declined by 56 percent year-over-year, primarily due to workforce reductions and a lower compensation structure combined with a reclassification of \$4.2 million of employee costs from SG&A to operating costs during the first nine months of 2015.

## UNITED STATES

Nine Months Ended September 30,	2015	2014	Change
(C\$000s, except operational and exchange rate information) (unaudited)	(\$)	(\$)	(%)
Revenue	<b>570,744</b>	858,872	(34)
Expenses			
Operating	<b>549,649</b>	688,695	(20)
SG&A	<b>17,269</b>	22,513	(23)
	<b>566,918</b>	711,208	(20)
Operating income <sup>(1)</sup>	<b>3,826</b>	147,664	(97)
Operating income (%)	<b>0.7</b>	17.2	(96)
Fracturing revenue per job (\$)	<b>52,117</b>	58,060	(10)
Number of fracturing jobs	<b>10,448</b>	14,123	(26)
Active pumping horsepower, end of period (000s)	<b>336</b>	676	(50)
Idle pumping horsepower, end of period (000s)	<b>338</b>	—	—
Total pumping horsepower, end of period (000s)	<b>674</b>	676	—
Coiled tubing revenue per job (\$)	<b>51,750</b>	63,581	(19)
Number of coiled tubing jobs	<b>55</b>	142	(61)
Active coiled tubing units, end of period (#)	<b>—</b>	8	(100)
Idle coiled tubing units, end of period (#)	<b>5</b>	—	—
Total coiled tubing units, end of period (#)	<b>5</b>	8	(38)
Cementing revenue per job (\$)	<b>48,113</b>	37,510	28
Number of cementing jobs	<b>486</b>	796	(39)
Active cementing units, end of period (#)	<b>15</b>	18	(17)
Idle cementing units, end of period (#)	<b>3</b>	—	—
Total cementing units, end of period (#)	<b>18</b>	18	—
US\$/C\$ average exchange rate <sup>(2)</sup>	<b>1.2600</b>	1.0944	15

<sup>(1)</sup> Refer to "Non-GAAP Measures" on page 21 for further information.

<sup>(2)</sup> Source: Bank of Canada.

## REVENUE

Revenue from Calfrac's United States operations decreased to \$570.7 million during the first nine months of 2015 from \$858.9 million in the comparable nine-month period of 2014 due to significantly weaker pricing combined with lower fracturing activity. The number of fracturing jobs completed during the first nine months of 2015 decreased by 26 percent from the comparable period in 2014, primarily due to lower activity in Pennsylvania, Arkansas and south Texas, partially offset by higher activity in the Rockies. Revenue per job declined by 10 percent year-over-year as a stronger U.S. dollar was more than offset by lower pricing. In addition, the volume of proppant per fracturing job decreased by 8 percent over the same period in the prior year despite the continued trend of greater service intensity per wellbore as the Company experienced lower activity in higher service intensive regions such as the Marcellus.

## OPERATING INCOME

Operating income in the United States was \$3.8 million for the first nine months of 2015, a decrease of 97 percent from the comparative period in 2014. The decline was primarily due to significantly lower pricing in all markets and decreased utilization in the Marcellus and Fayetteville. Operating income as a percentage of revenue declined materially from the comparative period of 2014 to 1 percent. The decline in the operating income percentage was due to the impact of lower pricing combined with lower equipment utilization in Pennsylvania, south Texas and Arkansas. Mitigating the overall trend were pricing reductions for proppant and chemicals. SG&A expenses decreased by 23 percent in the first nine months of 2015 from the same period in the prior year due to cost reductions made towards the end of the first half of 2015, which continued throughout the third quarter.

## RUSSIA

Nine Months Ended September 30,	2015	2014	Change
(C\$000s, except operational and exchange rate information) (unaudited)	(\$)	(\$)	(%)
Revenue	<b>105,234</b>	134,018	(21)
Expenses			
Operating	<b>92,041</b>	115,311	(20)
SG&A	<b>2,682</b>	4,795	(44)
	<b>94,723</b>	120,106	(21)
Operating income <sup>(1)</sup>	<b>10,511</b>	13,912	(24)
Operating income (%)	<b>10.0</b>	10.4	(4)
Fracturing revenue per job (\$)	<b>88,574</b>	115,839	(24)
Number of fracturing jobs	<b>996</b>	939	6
Pumping horsepower, end of period (000s)	<b>70</b>	70	—
Coiled tubing revenue per job (\$)	<b>43,184</b>	56,478	(24)
Number of coiled tubing jobs	<b>394</b>	447	(12)
Coiled tubing units, end of period (#)	<b>7</b>	7	—
Rouble/C\$ average exchange rate <sup>(2)</sup>	<b>0.0213</b>	0.0309	(31)

<sup>(1)</sup> Refer to "Non-GAAP Measures" on page 21 for further information.

<sup>(2)</sup> Source: Bank of Canada.

## REVENUE

During the first nine months of 2015, revenue from Calfrac's Russian operations decreased by 21 percent to \$105.2 million from \$134.0 million in the corresponding nine-month period of 2014. The decrease in revenue, which is generated in roubles, was primarily related to the 31 percent devaluation of the rouble in the first nine months of 2015 when compared to the same period of 2014. The decline in the rouble was partially offset by higher fracturing activity in Nefteugansk, where Calfrac provides proppant to its largest customer. Revenue per fracturing job declined by 24 percent due to the currency devaluation but was partially offset by an increase in average job size and a modest rouble-based pricing increase.

## OPERATING INCOME

Operating income in Russia was \$10.5 million during the first nine months of 2015 compared to \$13.9 million in the corresponding period of 2014 primarily due to the 31 percent devaluation of the rouble offset by improved operational leverage in Nefteugansk. The operating income percentage declined slightly due to Calfrac providing a large volume of proppant to a customer, which is priced at lower margins than completion service work, offset partially by slight pricing increases. SG&A expenses declined by 44 percent in the first nine months of 2015 from the prior year's comparable period due to the devaluation of the rouble combined with cost reductions implemented during the year.

## LATIN AMERICA

Nine Months Ended September 30,	2015	2014	Change
(C\$000s, except operational and exchange rate information) (unaudited)	(\$)	(\$)	(%)
Revenue	<b>123,272</b>	109,181	13
Expenses			
Operating	<b>102,836</b>	83,586	23
SG&A	<b>11,171</b>	10,574	6
	<b>114,007</b>	94,160	21
Operating income <sup>(1)</sup>	<b>9,265</b>	15,021	(38)
Operating income (%)	<b>7.5</b>	13.8	(46)
Pumping horsepower, end of period (000s)	<b>118</b>	102	16
Cementing units, end of period (#)	<b>13</b>	13	—
Coiled tubing units, end of period (#)	<b>7</b>	4	75
Mexican peso/C\$ average exchange rate <sup>(2)</sup>	<b>0.0810</b>	0.0834	(3)
Argentinean peso/C\$ average exchange rate <sup>(2)</sup>	<b>0.1406</b>	0.1373	2

<sup>(1)</sup> Refer to "Non-GAAP Measures" on page 21 for further information.

<sup>(2)</sup> Source: Bank of Canada.

## REVENUE

Calfrac's Latin American operations generated total revenue of \$123.3 million during the first nine months of 2015 versus \$109.2 million in the comparable nine-month period in 2014. The increase resulted from the significant growth in fracturing and coiled tubing activity in Argentina, which included the start-up of a second unconventional crew in December 2014. The Company also experienced revenue growth in the Las Heras region, which is more focused on conventional activity. Activity in Mexico was lower during the first nine months of 2015 than in the previous nine-month period and included a negative revenue adjustment of \$1.1 million during the third quarter that related to prior years.

## OPERATING INCOME

Operating income in Latin America for the nine months ended September 30, 2015 was \$9.3 million compared to \$15.0 million in the comparative period in 2014. Operating income was lower due to reduced pricing in Argentina combined with lower equipment utilization and higher SG&A and district overhead in Argentina related to the Company's expanded unconventional fracturing operations as well as the impact of the \$1.1 million negative revenue adjustment in Mexico. Calfrac is also currently using subcontractors for services such as flowback and well testing more regularly than in the first nine months of 2014, which has had a negative impact on operating income as a percentage of revenue.



## CORPORATE

Nine Months Ended September 30,	2015	2014	Change
(C\$000s)	(\$)	(\$)	(%)
(unaudited)			
Expenses			
Operating	5,103	7,667	(33)
SG&A	19,665	42,129	(53)
	<b>24,768</b>	49,796	(50)
Operating loss <sup>(1)</sup>	<b>(24,768)</b>	(49,796)	(50)
% of Revenue	<b>2.0</b>	2.8	(29)

<sup>(1)</sup> Refer to "Non-GAAP Measures" on page 21 for further information.

## OPERATING LOSS

The 50 percent decline in corporate expenses for the first nine months of 2015 from the same period in 2014 includes a reduction in stock-based compensation expense of \$14.5 million resulting from a significant decline in the Company's stock price. In addition, the Company reduced costs during the first nine months of 2015 to align its cost structure with anticipated activity levels. These initiatives contributed approximately \$10.5 million to the overall decrease in corporate expenses primarily by reducing corporate personnel costs and annual bonuses.

## DEPRECIATION

For the nine months ended September 30, 2015, depreciation expense increased by 13 percent to \$116.4 million from \$103.4 million in the comparable period of 2014. The increase was mainly a result of a weaker Canadian dollar relative to the U.S. dollar.

## FOREIGN EXCHANGE LOSSES

The Company recorded a foreign exchange loss of \$3.5 million during the first nine months of 2015 versus a loss of \$13.6 million in the comparative nine-month period of 2014. Foreign exchange gains and losses arise primarily from the translation of net monetary assets or liabilities that were held in U.S. dollars in Canada, Russia and Latin America. The Company's 2015 foreign exchange loss was largely attributable to the translation of U.S. dollar-denominated liabilities held in Argentina and Russia as the value of the Argentinean peso and Russian rouble depreciated against the U.S. dollar during the year. The foreign exchange loss was partially offset by U.S. dollar-denominated assets held in Canada as the U.S. dollar appreciated against the Canadian dollar during 2015.

## INTEREST

The Company's net interest expense of \$50.7 million for the first nine months of 2015 was \$6.6 million higher than in the comparable period of 2014. Interest on U.S. dollar-denominated debt was higher due to a weaker Canadian dollar relative to the U.S. dollar. Loans on the Company's revolving credit facility were consistent with the comparable period in 2014.

## INCOME TAXES

The Company recorded an income tax recovery of \$42.1 million for the first nine months of 2015 compared to an expense of \$31.2 million in the comparable period of 2014. The reversal to a recovery was the result of pre-tax losses incurred combined with a one-time goodwill impairment charge and deferred tax asset write-off totaling \$23.3 million, offset by a \$31.0 million net gain on acquisition recorded during the third quarter. The effective tax recovery rate excluding these one-time items was 38 percent during 2015.

## LIQUIDITY AND CAPITAL RESOURCES

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
(C\$000s)	(\$)	(\$)	(\$)	(\$)
(unaudited)				
Cash provided by (used in):				
Operating activities	<b>34,559</b>	99,253	<b>91,874</b>	146,354
Financing activities	<b>(9,901)</b>	13,903	<b>(21,474)</b>	12,032
Investing activities	<b>(40,857)</b>	(49,527)	<b>(137,379)</b>	(116,317)
Effect of exchange rate changes on cash and cash equivalents	<b>5,194</b>	5,984	<b>22,701</b>	(1,885)
(Decrease) increase in cash and cash equivalents	<b>(11,005)</b>	69,613	<b>(44,278)</b>	40,184

### OPERATING ACTIVITIES

The Company's cash provided by operating activities for the three months ended September 30, 2015 was \$34.6 million versus \$99.3 million in the comparable quarter in 2014. The decrease was primarily due to lower operating margins in the United States offset by the reduction of working capital during the quarter. At September 30, 2015, Calfrac's working capital was approximately \$296.8 million, a 33 percent decrease from December 31, 2014.

### FINANCING ACTIVITIES

Net cash used for financing activities for the three months ended September 30, 2015 was \$9.9 million compared to \$13.9 million provided by financing activities in 2014. During the three months ended September 30, 2015, the Company reduced its bank loan in Argentina by \$1.2 million, paid cash dividends of \$4.6 million, purchased \$3.9 million of shares under the NCIB and paid \$0.2 million in financing charges.

On October 1, 2014, the Company extended the term of its credit facilities by one year to September 27, 2018. The maturity may be extended by one or more years at the Company's request and lenders' acceptance. The Company also may prepay principal without penalty. On January 29, 2015, Calfrac exercised the accordion feature of its syndicated credit facility, which increased the total facility from \$300.0 million to \$400.0 million. The terms and conditions of the facility remained unchanged. The facilities consist of an operating facility of \$30.0 million and a syndicated facility of \$370.0 million. The interest rates are based on the parameters of certain bank covenants. For prime-based loans and U.S. base-rate loans, the rate ranges from prime or U.S. base rate plus 0.50 percent to prime plus 2.25 percent. For LIBOR-based loans and bankers' acceptance-based loans, the margin thereon ranges from 1.50 percent to 3.25 percent above the respective base rates. As at September 30, 2015, the Company had used \$38.7 million of its credit facilities for letters of credit and had \$60.7 million outstanding under its credit facility, leaving \$300.6 million in available credit.

The Company's credit facilities contain certain financial covenants. Weakened market conditions attributable to the significant reduction in the price of oil and natural gas have required some oil and gas service companies to seek covenant relief from their lenders. Calfrac negotiated an increase to certain of its financial covenant thresholds prior to the end of the second quarter, as shown below.

Quarters Ended,	Old Covenant	New Covenant		
		2015	2016	2017
Working capital ratio not to fall below	1.15x	<b>1.15x</b>	<b>1.15x</b>	<b>1.15x</b>
Funded Debt to EBITDA not to exceed <sup>(2)(5)</sup>	2.25x	<b>3.00x</b>	<b>4.00x</b>	<b>3.50x<sup>(1)</sup></b>
Total Debt to Total Capitalization not to exceed <sup>(3)(4)</sup>	0.65x	<b>0.70x</b>	<b>0.70x</b>	<b>0.70x</b>

<sup>(1)</sup> Funded Debt to EBITDA covenant declines to 3.00x for each quarter after June 30, 2017.

<sup>(2)</sup> Funded Debt is defined as Total Debt excluding all outstanding senior unsecured notes.

<sup>(3)</sup> Total Debt includes bank loans and long-term debt (before unamortized debt issuance costs and debt discount) plus certain outstanding letters of credit less cash on hand with lenders.

<sup>(4)</sup> Total Capitalization is Total Debt plus Equity attributable to the shareholders of Calfrac.

<sup>(5)</sup> EBITDA is defined as net income or loss for the period less interest, taxes, depreciation and amortization, non-cash items including stock-based compensation, non-controlling interest, and gains and losses that are extraordinary or non-recurring.

As at September 30, 2015 the Company was in compliance with its financial covenants. Due to the expectation that activity and pricing in the North American pressure pumping market will remain low, Calfrac is currently negotiating with its banking syndicate for further changes to the Company's existing bank covenants. These covenants apply only to the

Company's credit facilities and not to its unsecured subordinated notes. Calfrac's strong relationship with its banking syndicate, relatively insignificant draw on its revolving credit facility net of cash on hand, and the fact that the Company's unsecured subordinated notes do not mature until 2020 leave it well-positioned to favorably conclude these negotiations. Management is focused on negotiating a structure that will provide the flexibility to withstand a prolonged downturn and is confident that Calfrac will reach a mutually agreeable arrangement prior to year-end.

On June 2, 2014, the Company's common shares were split on a two-for-one basis to shareholders of record as of May 23, 2014. Calfrac pays a quarterly dividend to shareholders at the discretion of the Board of Directors. On June 17, 2015, the Company reduced its quarterly dividend from \$0.125 to \$0.0625 per share, beginning with the dividend paid on July 15, 2015. On September 24, 2015, the Company further reduced its quarterly dividend from \$0.0625 to \$0.015625 per share, beginning with the dividend paid on October 15, 2015. For Canadian income tax purposes, all dividends paid by Calfrac on its common shares are designated as "eligible dividends" unless otherwise indicated.

## **INVESTING ACTIVITIES**

Calfrac's net cash used for investing activities was \$40.9 million for the quarter ended September 30, 2015 versus \$49.5 million for the comparable period in 2014. Cash outflows relating to capital expenditures were \$32.8 million during 2015 compared to \$49.9 million in 2014. Capital expenditures were primarily to support the Company's Argentinean, United States and Canadian fracturing operations. In addition, Calfrac used \$9.5 million to finance a business combination during the third quarter of 2015.

Calfrac's 2015 capital program of \$200.0 million includes approximately \$175.0 million carried over from 2014. The Company's 2015 capital budget of \$25.0 million is being used for sustaining, infrastructure and maintenance initiatives.

## **EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS**

The effect of changes in foreign exchange rates on the Company's cash and cash equivalents during the third quarter of 2015 was a loss of \$5.2 million versus \$6.0 million during 2014. These losses relate to cash and cash equivalents held by the Company in a foreign currency.

With its strong working capital position, available credit facilities and anticipated funds provided by operations, the Company expects to have adequate resources to fund its financial obligations and planned capital expenditures for 2015 and beyond.

At September 30, 2015, the Company had cash and cash equivalents of \$54.9 million.

## **OUTSTANDING SHARE DATA**

The Company is authorized to issue an unlimited number of common shares. Employees have been granted options to purchase common shares under the Company's shareholder-approved stock option plan. The number of shares reserved for issuance under the stock option plan is equal to 10 percent of the Company's issued and outstanding common shares. As at October 23, 2015, there were 95,209,232 common shares issued and outstanding, and 5,546,348 options to purchase common shares.

On September 24, 2015 the Company announced that the Dividend Reinvestment Plan (DRIP) would be suspended and all shareholders of record would receive cash on October 15, 2015. The DRIP allowed shareholders to direct cash dividends paid on all or a portion of their common shares to be reinvested in additional common shares that would be issued at 95 percent of the volume-weighted average price of the common shares traded on the Toronto Stock Exchange (TSX) during the last five trading days preceding the relevant dividend payment date.

## **NORMAL COURSE ISSUER BID**

The Company filed a Notice of Intention (the "Notice") to make a Normal Course Issuer Bid (NCIB) with the TSX on December 12, 2014. Under the NCIB, the Company may acquire up to 7,177,721 common shares, which was 10 percent of the public float outstanding as at December 10, 2014, during the period commencing on December 17, 2014 and terminating on December 16, 2015. The maximum number of common shares that can be acquired by the Company during a trading day is 117,011, with the exception that the Company is allowed to make one block purchase of common shares per calendar week that exceeds such limit. All purchases of common shares will be made through the TSX, alternative trading systems or such other exchanges or marketplaces through which the common shares trade from time to time at the market price of the shares at the time of acquisition. Any shares acquired under the NCIB will be cancelled. During the nine months ended September 30, 2015, the Company purchased 1,517,700 common shares under the NCIB at a cost of \$9.4 million. A copy of the Notice may be obtained by any shareholder, without charge, by contacting the Company's Corporate Secretary at 411 - 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1E3, or by telephone at 403-266-6000.

## OUTLOOK

Crude oil prices have remained at levels below what is required to generate increased activity in North America. In addition, depressed natural gas and liquids pricing continues to negatively impact the development of key natural gas plays in Canada and the United States. As a result, the Company anticipates that equipment utilization and pricing in the oilfield services industry will remain challenged for the balance of the year and throughout 2016.

In order to be profitable in the current low commodity price environment, Calfrac remains focused on aggressively managing its cost structure. Calfrac is encouraged with what has been achieved to date including roughly 48 and 59 percent reductions in fixed costs from the fourth quarter of 2014 in Canada and the United States, respectively. As a result of the current market, Calfrac has reduced its headcount by approximately 40 and 50 percent in Canada and the United States, respectively, since the end of 2014. The Company is making every effort to retain its best people in order remain operationally strong over the long-term and be better positioned to quickly respond when market conditions improve.

In addition, Calfrac believes that it is continuing to create a competitive advantage and deliver cost efficiencies through the ongoing implementation of various logistics initiatives which has offset the effects of a weakening Canadian dollar that has negatively impacted U.S. dollar-denominated chemical and proppant expenses. In working with the Company's key suppliers, the logistics group has reduced costs for key products including having realized reductions of approximately 25 percent for proppant, 22 percent for third party subcontractors and 12 percent for chemical costs year-to-date in Canada. In the United States, proppant costs including third party hauling have been reduced on average by 28 percent while chemical costs are down 25 percent from the beginning of the year. Calfrac continues to analyze all measures that it can employ to further lower its cost structure including process efficiencies and further cost mitigation strategies.

### CANADA

In Canada, Calfrac expects strong equipment utilization in the context of the current market until the latter half of the fourth quarter with the Company anticipating an extended holiday break beginning in early to mid-December. Overall activity in 2016 is anticipated to be consistent with 2015 although visibility is limited and will be largely based on the outlook for crude oil and natural gas prices as the year progresses. Approximately 45 percent of Calfrac's Canadian fracturing equipment fleet remains idle and the Company will continue to prudently manage its future operating scale and cost structure in order to remain profitable in this challenging market.

Weak natural gas and natural gas liquids prices led to significantly lower gas-focused activity in the third quarter of 2015 compared to 2014 but remained stronger than oil-focused activity. While the Company believes that gas-focused activity could represent a larger portion of Calfrac's work over the coming year, weak natural gas prices could keep overall activity levels subdued.

Calfrac expects oil-focused activity to be significantly lower for the fourth quarter of 2015 than in the comparative period of 2014 and does not anticipate a meaningful improvement in activity throughout 2016. However, should oil prices recover, the Company believes that the Viking play would experience a relatively quick increase in activity with the Cardium also contributing to a ramp in activity levels, albeit at a slightly slower pace.

### UNITED STATES

In the United States, with the land-based rig count continuing to decline from third quarter levels, combined with Calfrac's view that activity is likely to fall sharply in late November, fourth quarter activity levels are expected to decline sequentially. In response to these difficult market conditions including lower levels of activity and weak pricing extending through 2016, as well as an overall lack of visibility, the Company has now idled approximately 50 percent of its fracturing equipment in the United States and will continue to reduce its operating scale if margins are not anticipated to meet the Company's required financial returns. Calfrac has a plan in place to ensure that the equipment is kept up to its high standards and can be reactivated quickly when industry activity recovers.

### RUSSIA

Activity in Russia has been relatively consistent with 2014 and the Company expects that trend to continue into the fourth quarter, with the exception of the impact of normal winter weather operating conditions. The significant devaluation of the Russian rouble will decrease reported 2015 financial results versus 2014. Calfrac is currently in the early stages of the 2016 contract tender process with its customers and anticipates that activity will be comparable to 2015. While Calfrac's participation in the development of unconventional resource plays in Russia will be delayed due to the current economic sanctions, the long-term prospects remain encouraging as unconventional development has become a pillar of Russia's oil and natural gas growth plans.

## LATIN AMERICA

In the third quarter, Argentina's presidential election interrupted what Calfrac would view to be otherwise normal levels of activity which negatively impacted the reported financial results for the quarter. Despite these short term issues, Calfrac continues to believe in the long-term potential of Argentina's conventional and unconventional oil and gas development. The majority of the additional 40,000 new build horsepower in Argentina has been deployed and it is expected that this equipment will contribute to Calfrac's 2016 operating results.

In Mexico, Calfrac expects activity in the longer term to increase as the national reform of the energy industry continues to proceed. As a result of the current low levels of activity and cautious approach to spending by PEMEX in the short to medium term, the Company is currently reevaluating its business strategy for that country.

## DIVIDEND POLICY

Calfrac's Board of Directors reviews the Company's dividend policy on a quarterly basis. During the third quarter, Calfrac reduced its quarterly dividend by 75 percent to \$0.015625 per share and suspended its Dividend Reinvestment Plan for its common shares until further notice. The Board of Directors will continue to monitor market conditions in order to determine whether further changes to Calfrac's dividend policy are required.

## SUMMARY

Calfrac continues to believe that depressed prices for crude oil and natural gas and uncertainty as to the timing of a price recovery are likely to make the remainder of 2015 and 2016 challenging for the entire industry. As such, the Company is focused on what it can control, namely, managing its cost structure, employing further process efficiencies, retaining its best people, maintaining strong relationships with its existing customers as well as expanding its customer base, while ensuring the Company has sufficient liquidity to navigate the cyclical downturn. Calfrac has an experienced Board of Directors and management team that have been through a number of industry downturns, and while this is tracking to be one of the worst in decades, the Company is well-positioned to navigate the current cycle. Historically the Company has taken advantage of market opportunities in previous industry downturns to strengthen its operations and competitive position, which has had a positive effect on operational performance when industry activity has recovered. Calfrac believes that the pressure pumping services industry will remain an integral component of unconventional resource development over the long term and that the Company will be well-positioned given its focus on top-tier safety, service quality, logistics management and technology.

## NON-GAAP MEASURES

Operating Income presented in this MD&A does not have any standardized meaning under IFRS and, because IFRS have been incorporated as Canadian generally accepted accounting principles (GAAP), and is considered a non-GAAP measure. This measure has been described and presented in order to provide shareholders and potential investors with additional information regarding the Company's financial results, liquidity and ability to generate funds to finance its operations. It may not be comparable to similar measures presented by other entities, and is explained below.

Operating income (loss) is defined as net income (loss) before depreciation, foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, expenses and gain related to business combinations, impairment of goodwill, interest, and income taxes. Management believes that operating income is a useful supplemental measure as it provides an indication of the financial results generated by Calfrac's business segments prior to consideration of how these segments are financed or taxed. Operating income for the period was calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
(C\$000s)	(\$)	(\$)	(\$)	(\$)
(unaudited)				
Net (loss) income	<b>(25,045)</b>	44,650	<b>(81,790)</b>	41,222
Add back (deduct):				
Depreciation	<b>39,476</b>	35,455	<b>116,384</b>	103,398
Foreign exchange losses	<b>1,808</b>	5,807	<b>3,485</b>	13,585
(Gain) loss on disposal of property, plant and equipment	<b>(471)</b>	758	<b>(1,614)</b>	1,481
Impairment of goodwill	<b>9,544</b>	—	<b>9,544</b>	—
Business combination	<b>(30,987)</b>	—	<b>(30,987)</b>	—
Interest	<b>17,872</b>	14,691	<b>50,678</b>	44,075
Income taxes	<b>(9,422)</b>	24,697	<b>(42,103)</b>	31,247
Operating income	<b>2,775</b>	126,058	<b>23,597</b>	235,008

## CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

Calfrac has various contractual lease commitments related to vehicles, equipment and facilities as well as purchase obligations for products, services and property, plant and equipment as disclosed in the Company's consolidated financial statements for the year ended December 31, 2014.

### GREEK LITIGATION

As described in note 19 to the interim consolidated financial statements, the Company and one of its Greek subsidiaries are involved in a number of legal proceedings in Greece. Management regularly evaluates the likelihood of potential liabilities being incurred and the amounts of such liabilities after careful examination of available information and discussions with its legal advisors. Management is of the view that it is improbable there will be a material financial impact to the Company as a result of these claims. Consequently, no provision was recorded in the consolidated financial statements.

### U.S. LITIGATION

As described in note 19 to the interim consolidated financial statements, a collective and class action complaint was filed against the Company in September 2012 in the U.S. District Court for the Western District of Pennsylvania, alleging failure to pay U.S. employees the amount of overtime pay required by the Fair Labor Standards Act and the Pennsylvania Minimum Wage Act. The Company and the plaintiffs have now reached a tentative settlement of all claims, including certain potential, related claims. The court issued an order preliminarily approving the settlement in August 2015. The court will consider whether to grant final approval of the settlement in December 2015. The US\$4.0 million provision recorded by the Company represents its current best estimate of the projected net cost of the settlement. The Company does not have insurance coverage for these claims.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This MD&A is based on the Company's consolidated financial statements for the three and nine months ended September 30, 2015 which were prepared in accordance with IFRS. Management is required to make assumptions, judgments and estimates in the application of IFRS. Calfrac's significant accounting policies are described in note 2 to the annual consolidated financial statements.

The preparation of the consolidated financial statements requires that certain estimates and judgments be made concerning the reported amount of revenue and expenses and the carrying values of assets and liabilities. These estimates are based on historical experience and management's judgment. The estimation of anticipated future events involves uncertainty and, consequently, the estimates used by management in the preparation of the consolidated financial statements may change as future events unfold, additional experience is gained or the environment in which the Company operates changes. The accounting policies and practices requiring estimates that have a significant impact on the Company's financial results include the allowance for doubtful accounts receivable, depreciation, the fair value of financial instruments, the carrying value of goodwill, impairment of property, plant and equipment, income taxes, stock-based compensation expenses, functional currency and cash-generating units.

Judgment is also used in the determination of the functional currency of each subsidiary and in the determination of cash-generating units.

### ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE

The Company performs ongoing credit evaluations of its customers and grants credit based on a review of historical collection experience, current aging status, financial condition of the customer and anticipated industry conditions. Customer payments are regularly monitored and a provision for doubtful accounts is established based on specific situations and overall industry conditions. In situations where the creditworthiness of a customer is uncertain, services are provided on receipt of cash in advance or services are declined. Calfrac's management believes that the provision for doubtful accounts receivable, which was \$2.3 million at September 30, 2015, is adequate.

### DEPRECIATION

Depreciation of the Company's property, plant and equipment incorporates estimates of useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change, thereby affecting the value of the Company's property, plant and equipment.

### FINANCIAL INSTRUMENTS

Financial instruments included in the Company's consolidated balance sheets are cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities, bank loans, long-term debt and finance lease obligations.

The fair values of these financial instruments, except long-term debt, approximate their carrying amounts due to the short-term maturity of those instruments. The fair value of the senior unsecured notes is based on the closing market price at the end-date of the reporting period. The fair value of the remaining long-term debt approximates its carrying value.

## GOODWILL

Goodwill represents an excess of the purchase price over the fair value of net assets acquired and is not amortized. The Company assesses goodwill at least annually. Goodwill is allocated to each operating segment, which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes. The fair value of each operating segment is compared to the carrying value of its net assets.

At September 30, 2015, the Company completed an assessment for goodwill impairment and determined that the recoverable amounts of its operating segments were less than their carrying amounts, and recorded a goodwill impairment charge of \$9.5 million.

The Company completed its annual assessment for goodwill impairment, determined that the recoverable amount for its Russian operating segment was less than its carrying amount, and recorded a goodwill impairment charge of \$1.0 million for the year ended December 31, 2014 (year ended December 31, 2013 - \$nil).

## IMPAIRMENT

Assessment of impairment is based on management's judgment of whether there are internal and external factors that would indicate that an asset or cash-generating unit is impaired.

As described in note 3 to the interim consolidated financial statements, the Company estimated the recoverable amount of each cash-generating unit and determined that there were no material impairments with respect to the Company's property, plant and equipment at September 30, 2015.

During the fourth quarter of 2014, the Company carried out a comprehensive review of its property, plant and equipment and identified items that were permanently idle or obsolete and, therefore, no longer able to generate cash inflows. These were written down to their recoverable amount, incurring an impairment charge of \$4.6 million for the year ended December 31, 2014 (year ended December 31, 2013 - \$nil).

## INCOME TAXES

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement amounts of existing assets and liabilities and their respective tax bases. Estimates of the Company's future taxable income are considered in assessing the utilization of available tax losses. The Company's business is complex and the calculation of income taxes involves many complex factors as well as the Company's interpretation of relevant tax legislation and regulations.

## STOCK-BASED COMPENSATION

The fair value of stock options is estimated at the grant date using the Black-Scholes option pricing model, which includes underlying assumptions related to the risk-free interest rate, average expected option life, estimated forfeitures, estimated volatility of the Company's shares and anticipated dividends.

The fair value of the deferred share units, performance share units and restricted share units is recognized based on the market value of the Company's shares underlying these compensation programs.

## FUNCTIONAL CURRENCY

Management applies judgment in determining the functional currency of its foreign subsidiaries. Judgment is made with regard to the currency that influences and determines sales prices, labour, material and other costs as well as financing and receipts from operating income.

## CASH-GENERATING UNITS

The determination of cash-generating units is based on management's judgment regarding shared equipment, mobility of equipment, geographical proximity and materiality.

## RELATED-PARTY TRANSACTIONS

In November 2010, the Company lent a senior officer \$2.5 million to purchase common shares of the Company on the TSX. The loan is on a non-recourse basis and is secured by the common shares acquired with the loan proceeds. The loan was amended in February 2015 to extend the term by five years to November 8, 2020 and change the interest rate to the prescribed rate under the Income Tax Act (Canada), which rate was 1.00 percent per annum at the time of the

amendment. The market value of the shares that secure the loan was approximately \$0.5 million as at September 30, 2015 (December 31, 2014 – \$1.7 million). In accordance with applicable accounting standards regarding share purchase loans receivable, this loan is classified as a reduction of shareholders' equity due to its non-recourse nature. In addition, the shares purchased with the loan proceeds are considered to be, in substance, stock options.

The Company leases certain premises from an entity controlled by one of its directors. The rent charged for these premises during the nine months ended September 30, 2015 was \$760,000 (nine months ended September 30, 2014 – \$606,000), as measured at the exchange amount.

## **CHANGES IN ACCOUNTING POLICIES**

No new IFRS or interpretations from the International Financial Reporting Interpretations Committee came into effect for the year beginning on or after January 1, 2015 that had a material impact on the Company.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2015 with earlier application permitted. The Company does not expect these standards to have a significant effect on its consolidated financial statements:

The International Accounting Standards Board (IASB) issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2017, with earlier adoption permitted. IFRS 15 will come into effect for annual periods beginning on or after January 1, 2018.

The IASB completed the final elements of IFRS 9 Financial Instruments. The Standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, a single 'expected loss' impairment model and a substantially reformed approach to hedge accounting. IFRS 9 will come into effect for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

## **EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING**

There have been no changes in the Company's internal control over financial reporting that occurred during the interim period ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **BUSINESS RISKS**

The business of Calfrac is subject to certain risks and uncertainties. Prior to making any investment decision regarding Calfrac, investors should carefully consider, among other things, the risk factors set forth in the Company's most recently filed Annual Information Form, which are specifically incorporated by reference herein.

The Annual Information Form is available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR), which can be accessed at [www.sedar.com](http://www.sedar.com). Copies of the Annual Information Form may also be obtained on request without charge from Calfrac at 411 - 8<sup>th</sup> Avenue S.W., Calgary, Alberta, Canada, T2P 1E3, or at [www.calfrac.com](http://www.calfrac.com), or by facsimile at 403-266-7381.

## **ADVISORIES**

### **FORWARD-LOOKING STATEMENTS**

In order to provide Calfrac shareholders and potential investors with information regarding the Company and its subsidiaries, including management's assessment of Calfrac's plans and future operations, certain statements contained in this MD&A, including statements that contain words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "forecast" or similar words suggesting future outcomes, are forward-looking statements.

In particular, forward-looking statements in this MD&A include, but are not limited to, statements with respect to expected operating strategies and targets, capital expenditure programs, future financial resources, anticipated equipment utilization levels, future oil and natural gas well activity in each of the Company's operating jurisdictions, results of acquisitions, the impact of environmental regulations and economic reforms and sanctions on the Company's business,



future costs or potential liabilities, projections of market prices and costs, supply and demand for oilfield services, expectations regarding the Company's ability to maintain its competitive position, anticipated benefits of the Company's competitive position, expectations regarding the Company's ability to raise capital, treatment under government regulatory regimes, commodity prices, anticipated outcomes of specific events (including the Greek and U.S. litigation), trends in, and the growth prospects of, the global oil and natural gas industry, the Company's growth prospects including, without limitation, its international growth strategy and prospects, and the impact of changes in accounting policies and standards on the Company and its financial statements. These statements are derived from certain assumptions and analyses made by the Company based on its experience and perception of historical trends, current conditions, expected future developments and other factors that it believes are appropriate in the circumstances, including, but not limited to, the economic and political environment in which the Company operates, the Company's expectations for its current and prospective customers' capital budgets and geographical areas of focus, the Company's existing contracts and the status of current negotiations with key customers and suppliers, the focus of the Company's customers on increasing the use of 24-hour operations in North America, the effectiveness of the cost reduction measures instituted by the Company in response to the significant decrease in commodity prices and expected oilfield activity in 2015, the effect unconventional gas projects have had on supply and demand fundamentals for natural gas and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause actual results to differ materially from the Company's expectations. Such risk factors include: general economic conditions in Canada, the United States, Russia, Mexico and Argentina; the demand for fracturing and other stimulation services during drilling and completion of oil and natural gas wells; volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally; regional competition; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; changes in legislation and the regulatory environment; sourcing, pricing and availability of raw materials, components, parts, equipment, suppliers, facilities and skilled personnel; the ability to integrate technological advances and match advances by competitors; the availability of capital on satisfactory terms; intellectual property risks; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; dependence on, and concentration of, major customers; the creditworthiness and performance by the Company's counterparties and customers; liabilities and risks associated with prior operations; the effect of accounting pronouncements issued periodically; failure to realize anticipated benefits of acquisitions and dispositions; and currency exchange rate risk. Further information about these and other risks and uncertainties may be found under "Business Risks" above.

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

## **ADDITIONAL INFORMATION**

Further information regarding Calfrac Well Services Ltd., including the most recently filed Annual Information Form, can be accessed on the Company's website at [www.calfrac.com](http://www.calfrac.com) or under the Company's public filings found at [www.sedar.com](http://www.sedar.com).

**CONSOLIDATED BALANCE SHEETS**

As at	September 30, 2015	December 31, 2014
(C\$000s)	(\$)	(\$)
(unaudited)		
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	54,851	99,129
Accounts receivable	241,000	521,137
Inventories	151,310	182,161
Prepaid expenses and deposits	25,558	16,871
	<b>472,719</b>	819,298
Non-current assets		
Property, plant and equipment (note 3)	1,421,901	1,302,939
Goodwill (note 4)	—	9,544
Deferred income tax assets	18,933	25,586
<b>Total assets</b>	<b>1,913,553</b>	<b>2,157,367</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	150,274	356,933
Income taxes payable	741	3,856
Bank loans (note 5)	23,830	16,388
Current portion of long-term debt (note 6)	502	429
Current portion of finance lease obligations (note 7)	556	458
	<b>175,903</b>	378,064
Non-current liabilities		
Long-term debt (note 6)	850,372	738,386
Finance lease obligations (note 7)	667	1,048
Other long-term liabilities	4,671	4,060
Deferred income tax liabilities	138,968	203,406
<b>Total liabilities</b>	<b>1,170,581</b>	<b>1,324,964</b>
Equity attributable to the shareholders of Calfrac		
Capital stock (note 8)	384,615	377,975
Contributed surplus (note 10)	27,064	24,767
Loan receivable for purchase of common shares (note 16)	(2,500)	(2,500)
Retained earnings	358,217	459,891
Accumulated other comprehensive loss	(21,675)	(26,757)
	<b>745,721</b>	833,376
Non-controlling interest	(2,749)	(973)
<b>Total equity</b>	<b>742,972</b>	<b>832,403</b>
<b>Total liabilities and equity</b>	<b>1,913,553</b>	<b>2,157,367</b>

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
(C\$000s, except per share data)	(\$)	(\$)	(\$)	(\$)
(unaudited)				
<b>Revenue</b>	<b>289,075</b>	697,440	<b>1,209,011</b>	1,748,035
Cost of sales (note 17)	<b>309,275</b>	570,547	<b>1,243,995</b>	1,520,638
Gross profit	<b>(20,200)</b>	126,893	<b>(34,984)</b>	227,397
<b>Expenses</b>				
Selling, general and administrative	<b>16,501</b>	36,290	<b>57,803</b>	95,787
Foreign exchange losses	<b>1,808</b>	5,807	<b>3,485</b>	13,585
(Gain) loss on disposal of property, plant and equipment	<b>(471)</b>	758	<b>(1,614)</b>	1,481
Business combination (note 14)	<b>(30,987)</b>	—	<b>(30,987)</b>	—
Impairment of goodwill (note 4)	<b>9,544</b>	—	<b>9,544</b>	—
Interest	<b>17,872</b>	14,691	<b>50,678</b>	44,075
	<b>14,267</b>	57,546	<b>88,909</b>	154,928
<b>Income (loss) before income tax</b>	<b>(34,467)</b>	69,347	<b>(123,893)</b>	72,469
Income tax expense (recovery)				
Current	<b>7</b>	5,077	<b>1,893</b>	8,483
Deferred	<b>(9,429)</b>	19,620	<b>(43,996)</b>	22,764
	<b>(9,422)</b>	24,697	<b>(42,103)</b>	31,247
<b>Net (loss) income</b>	<b>(25,045)</b>	44,650	<b>(81,790)</b>	41,222
<b>Net (loss) income attributable to:</b>				
Shareholders of Calfrac	<b>(24,191)</b>	44,465	<b>(80,096)</b>	40,506
Non-controlling interest	<b>(854)</b>	185	<b>(1,694)</b>	716
	<b>(25,045)</b>	44,650	<b>(81,790)</b>	41,222
<b>Earnings (loss) per share</b> (note 8)				
Basic	<b>(0.25)</b>	0.47	<b>(0.84)</b>	0.43
Diluted	<b>(0.25)</b>	0.46	<b>(0.84)</b>	0.43

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
(C\$000s)	(\$)	(\$)	(\$)	(\$)
(unaudited)				
<b>Net (loss) income</b>	<b>(25,045)</b>	44,650	<b>(81,790)</b>	41,222
<b>Other comprehensive (loss) income</b>				
<b>Items that may be subsequently reclassified to profit or loss:</b>				
Change in foreign currency translation adjustment	<b>(6,091)</b>	(6,765)	<b>5,000</b>	(8,371)
<b>Comprehensive (loss) income</b>	<b>(31,136)</b>	37,885	<b>(76,790)</b>	32,851
<b>Comprehensive (loss) income attributable to:</b>				
Shareholders of Calfrac	<b>(30,227)</b>	37,702	<b>(75,014)</b>	32,061
Non-controlling interest	<b>(909)</b>	183	<b>(1,776)</b>	790
	<b>(31,136)</b>	37,885	<b>(76,790)</b>	32,851

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Equity Attributable to the Shareholders of Calfrac								
	Share Capital	Contributed Surplus	Loan Receivable for Purchase of Common Shares	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total	Non- Controlling Interest	Total Equity
(C\$000s)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
(unaudited)								
<b>Balance – January 1, 2015</b>	<b>377,975</b>	<b>24,767</b>	<b>(2,500)</b>	<b>(26,757)</b>	<b>459,891</b>	<b>833,376</b>	<b>(973)</b>	<b>832,403</b>
Net loss	—	—	—	—	(80,096)	(80,096)	(1,694)	(81,790)
Other comprehensive income (loss):								
Cumulative translation adjustment	—	—	—	5,082	—	5,082	(82)	5,000
Comprehensive income (loss)	—	—	—	5,082	(80,096)	(75,014)	(1,776)	(76,790)
Stock options:								
Stock-based compensation recognized	—	2,297	—	—	—	2,297	—	2,297
Dividend Reinvestment Plan shares issued (note 22)	12,733	—	—	—	—	12,733	—	12,733
Dividends	—	—	—	—	(18,257)	(18,257)	—	(18,257)
Shares purchased under NCIB (note 9)	(6,093)	—	—	—	(3,321)	(9,414)	—	(9,414)
<b>Balance – Sept. 30, 2015</b>	<b>384,615</b>	<b>27,064</b>	<b>(2,500)</b>	<b>(21,675)</b>	<b>358,217</b>	<b>745,721</b>	<b>(2,749)</b>	<b>742,972</b>
Balance – January 1, 2014	332,287	27,658	(2,500)	(839)	440,179	796,785	(1,578)	795,207
Net income	—	—	—	—	40,506	40,506	716	41,222
Other comprehensive income (loss):								
Cumulative translation adjustment	—	—	—	(8,445)	—	(8,445)	74	(8,371)
Comprehensive income (loss)	—	—	—	(8,445)	40,506	32,061	790	32,851
Stock options:								
Stock-based compensation recognized	—	2,994	—	—	—	2,994	—	2,994
Proceeds from issuance of shares	26,478	(6,753)	—	—	—	19,725	—	19,725
Dividend Reinvestment Plan shares issued (note 22)	13,117	—	—	—	—	13,117	—	13,117
Dividends	—	—	—	—	(35,357)	(35,357)	—	(35,357)
Balance – Sept. 30, 2014	371,882	23,899	(2,500)	(9,284)	445,328	829,325	(788)	828,537

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2015	2014	2015	2014
(C\$000s)	(\$)	(\$)	(\$)	(\$)
(unaudited)				
<b>CASH FLOWS PROVIDED BY (USED IN)</b>				
<b>OPERATING ACTIVITIES</b>				
Net (loss) income	(25,045)	44,650	(81,790)	41,222
Adjusted for the following:				
Depreciation	39,476	35,455	116,384	103,398
Stock-based compensation	856	1,207	2,297	2,994
Unrealized foreign exchange losses	3,670	2,108	4,815	10,933
(Gain) loss on disposal of property, plant and equipment	(471)	758	(1,614)	1,481
Gain on business combination (note 14)	(31,965)	—	(31,965)	—
Impairment of goodwill (note 4)	9,544	—	9,544	—
Interest	17,872	14,691	50,678	44,075
Deferred income taxes	(9,429)	19,620	(43,996)	22,764
Interest paid	(2,040)	(1,279)	(33,648)	(29,454)
Changes in items of working capital (note 13)	32,091	(17,957)	101,169	(51,059)
<b>Cash flows provided by operating activities</b>	<b>34,559</b>	<b>99,253</b>	<b>91,874</b>	<b>146,354</b>
<b>FINANCING ACTIVITIES</b>				
Bank loan proceeds	3,072	5,825	16,841	13,838
Issuance of long-term debt, net of debt issuance costs	(40)	32,042	(573)	56,498
Issuance of finance lease obligation	—	1,648	—	1,648
Bank loan repayments	(4,229)	(4,330)	(10,164)	(14,281)
Long-term debt repayments	(122)	(16,068)	(387)	(43,343)
Finance lease obligation repayments	(122)	(90)	(347)	(90)
Shares purchased under NCIB (note 9)	(3,894)	—	(9,414)	—
Net proceeds on issuance of common shares	—	1,891	—	19,725
Dividends paid, net of DRIP (note 22)	(4,566)	(7,015)	(17,430)	(21,963)
<b>Cash flows (used in) provided by financing activities</b>	<b>(9,901)</b>	<b>13,903</b>	<b>(21,474)</b>	<b>12,032</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment (note 13)	(32,751)	(49,864)	(139,403)	(117,260)
Proceeds on disposal of property, plant and equipment	1,392	337	11,522	943
Business combination (note 14)	(9,498)	—	(9,498)	—
<b>Cash flows used in investing activities</b>	<b>(40,857)</b>	<b>(49,527)</b>	<b>(137,379)</b>	<b>(116,317)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>5,194</b>	<b>5,984</b>	<b>22,701</b>	<b>(1,885)</b>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(11,005)</b>	<b>69,613</b>	<b>(44,278)</b>	<b>40,184</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>65,856</b>	<b>12,766</b>	<b>99,129</b>	<b>42,195</b>
<b>Cash and cash equivalents, end of period</b>	<b>54,851</b>	<b>82,379</b>	<b>54,851</b>	<b>82,379</b>

See accompanying notes to the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2015 and 2014

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

### 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Calfrac Well Services Ltd. (the “Company”) was formed through the amalgamation of Calfrac Well Services Ltd. (predecessor company originally incorporated on June 28, 1999) and Denison Energy Inc. (“Denison”) on March 24, 2004 under the Business Corporations Act (Alberta). The registered office is at 411 - 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1E3. The Company provides specialized oilfield services, including hydraulic fracturing, coiled tubing, cementing and other well completion services to the oil and natural gas industries in Canada, the United States, Russia, Mexico and Argentina.

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations by the International Financial Reporting Interpretations Committee (IFRIC). They should be read in conjunction with the annual financial statements for the year ended December 31, 2014. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies were always in effect.

These financial statements were approved by the Audit Committee of the Board of Directors for issuance on October 28, 2015.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the most recent annual financial statements.

For purposes of calculating income taxes during interim periods, the Company utilizes estimated annualized income tax rates. Current income tax expense is only recognized when taxable income is such that current income taxes become payable.

### 3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tested for impairment in accordance with the accounting policy stated in note 2 of the most recent annual financial statements. The Company reviews the carrying value of its property, plant and equipment at each reporting period for indicators of impairment. During the third quarter of 2015, the impact of the decline in oil and natural gas prices on the Company’s current and future financial results were indicators of impairment and the Company estimated the recoverable amount of its property, plant and equipment.

The recoverable amount of property, plant and equipment was determined using multi-year discounted cash flows to be generated from the continuing operations of each cash-generating unit (CGU). Cash flow assumptions were based on a combination of historical and expected future results. The cash flows were prepared on a five-year basis, using a discount rate ranging from 14.0 percent to 24.0 percent depending on the CGU. Discount rates are derived from the Company’s weighted average cost of capital, adjusted for risk factors specific to each CGU. Cash flows beyond that five-year period have been extrapolated using a steady 2.0 percent growth rate.

The main commodity price assumptions over the forecast periods were:

- WTI Crude Oil (US\$/bbl) increased from \$53 in 2016 to \$75 in 2020
- Henry Hub Gas (US\$/mmBtu) increased from \$3.00 in 2016 to \$4.25 in 2020
- AECO Gas (C\$/mcf) increased from \$3.30 in 2016 to \$4.35 in 2020

Annual revenue and operating income growth rates for each CGU were based on a combination of commodity price assumptions, historical results and forecasted activity levels, which incorporated pricing, utilization and cost improvements over the period. Activity levels in 2016 are expected to be relatively consistent with 2015, with activity increasing in 2017 and reaching near 2014 levels by 2020.

A comparison of the recoverable amounts of each cash-generating unit with their respective carrying amounts resulted in no material impairment with respect to property, plant and equipment at September 30, 2015.

The Company will continue to monitor and update its assumptions and estimates with respect to property, plant and equipment impairment on an ongoing basis.

## 4. GOODWILL

Goodwill is tested for impairment in accordance with the accounting policy stated in note 2 of the most recent annual financial statements. Goodwill acquired through a business combination is allocated to that operating segment (or segments) which represent the lowest level within the Company at which goodwill is monitored for internal management purposes.

During the third quarter of 2015, the impact of the decline in oil and natural gas prices on the Company's current and future financial results were indicators of impairment and the Company estimated the recoverable amount of its goodwill.

The fair value of each operating segment was compared to the carrying value of its net assets. The fair value of each operating segment was derived using an accepted valuation method, which utilizes a discounted cash flow approach. Such approaches are typically utilized in valuing oilfield service companies.

The discount rate used in the discounted cash flow approach ranged from 14.0 percent to 24.0 percent depending on the operating segment.

The Company completed its assessment of goodwill impairment and determined that the recoverable amounts of the operating segments were less than their carrying amounts, resulting in an impairment charge of \$9,544 for the nine months ended September 30, 2015 (nine months ended September 30, 2014 - \$nil).

The impairment losses by operating segment are as follows:

Nine Months Ended September 30, (C\$000s)	2015 (\$)	2014 (\$)
Canada	7,236	—
United States	2,308	—
	<b>9,544</b>	—

## 5. BANK LOANS

The Company's Argentinean subsidiary has two operating lines of credit, and a total of ARS168,245 (\$23,830) was drawn at September 30, 2015 (December 31, 2014 - ARS120,792 (\$16,388)). The interest rate ranges from 26.75 percent to 48.0 percent per annum and both lines of credit are secured by letters of credit issued by the Company.

## 6. LONG-TERM DEBT

As at (C\$000s)	September 30, 2015 (\$)	December 31, 2014 (\$)
US\$600,000 senior unsecured notes due December 1, 2020, bearing interest at 7.50% payable semi-annually	800,700	696,060
Less: unamortized debt issuance costs and debt discount	(10,449)	(10,404)
	<b>790,251</b>	685,656
\$370,000 extendible revolving term loan facility, secured by Canadian and U.S. assets of the Company	60,720	52,785
Less: unamortized debt issuance costs	(1,420)	(1,133)
	<b>59,300</b>	51,652
US\$992 mortgage maturing May 2018 bearing interest at U.S. prime less 1%, repayable at US\$33 per month principal and interest, secured by certain real property	1,323	1,507
	<b>850,874</b>	738,815
Less: current portion of long-term debt	(502)	(429)
	<b>850,372</b>	738,386

The fair value of the senior unsecured notes, as measured based on the closing quoted market price at September 30, 2015, was \$496,434 (December 31, 2014 - \$595,131). The carrying values of the mortgage obligation, bank loans and



revolving term loan facilities approximate their fair values as the interest rates are not significantly different from current interest rates for similar loans.

The interest rate on the \$370,000 revolving term loan facility is based on the parameters of certain bank covenants. For prime-based loans, the rate ranges from prime plus 0.50 percent to prime plus 2.25 percent. For LIBOR-based loans and bankers' acceptance-based loans the margin thereon ranges from 1.50 percent to 3.25 percent above the respective base rates for such loans. The facility is repayable on or before its maturity of September 27, 2018, assuming it is not extended. The maturity may be extended by one or more years at the Company's request and lenders' acceptance. The Company may also prepay principal without penalty. Debt issuance costs related to this facility are amortized over its term.

Interest on long-term debt (including the amortization of debt issuance costs and debt discount) for the nine months ended September 30, 2015 was \$47,364 (nine months ended September 30, 2014 - \$39,943).

The Company also has an extendible operating loan facility, which includes overdraft protection in the amount of \$30,000. The interest rate is based on the parameters of certain bank covenants in the same fashion as the revolving term facility. Drawdowns under this facility are repayable on September 27, 2018, assuming the facility is not extended. The term and commencement of principal repayments may be extended by one year on each anniversary at the Company's request and lenders' acceptance. The revolving term loan and operating facilities are secured by the Company's Canadian and U.S. assets.

On January 29, 2015, the Company exercised an "accordion" feature contained in the terms of its loan facility and increased the facility from \$300,000 to \$400,000. The facility's terms and conditions remained unchanged.

At September 30, 2015, the Company had utilized \$38,667 of its loan facility for letters of credit and had \$60,720 outstanding under its revolving term loan facility, leaving \$300,613 in available credit.

## 7. FINANCE LEASE OBLIGATIONS

As at	September 30, 2015	December 31, 2014
(C\$000s)	(\$)	(\$)
Finance lease contracts bearing interest at 20.5%, repayable at ARS445 per month, secured by equipment under the lease	1,498	1,978
Less: interest portion of contractual payments	(275)	(472)
	<b>1,223</b>	1,506
Less: current portion of finance lease obligations	(556)	(458)
	<b>667</b>	1,048

The carrying values of the finance lease obligations in Argentina approximate their fair values as the interest rates are not significantly different from current rates for similar leases in Argentina.

## 8. CAPITAL STOCK

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

	Nine Months Ended September 30, 2015		Year Ended December 31, 2014	
	Shares (#)	Amount (C\$000s)	Shares (#)	Amount (C\$000s)
Continuity of Common Shares				
Balance, beginning of period	95,252,559	377,975	92,597,148	332,287
Issued upon exercise of stock options	—	—	1,537,775	27,722
Dividend Reinvestment Plan shares issued (note 22)	1,474,379	12,733	1,123,296	18,011
Shares purchased under NCIB (note 9)	(1,517,700)	(6,093)	—	—
Shares cancelled (note 10)	(6)	—	(5,660)	(45)
Balance, end of period	<b>95,209,232</b>	<b>384,615</b>	95,252,559	377,975

The weighted average number of common shares outstanding for the three months ended September 30, 2015 was 95,523,078 basic and 95,692,278 diluted (three months ended September 30, 2014 - 94,568,570 basic and 95,681,061

diluted). The weighted average number of common shares outstanding for the nine months ended September 30, 2015 was 95,453,017 basic and 95,622,217 diluted (nine months ended September 30, 2014 - 93,820,017 basic and 94,730,106 diluted). The difference between basic and diluted shares is attributable to the dilutive effect of stock options issued by the Company as disclosed in note 11.

On May 8, 2014, the Company's shareholders approved a split of its common shares on a two-for-one basis to all shareholders of record as of May 23, 2014. The weighted average numbers of shares, stock options and share-based plans (such as restricted share units, deferred share units and performance share units) for all periods presented have been adjusted for this two-for-one share split, without a corresponding change in dollar amounts. Earnings per share have been adjusted to reflect the impact of the two-for-one share split.

## 9. NORMAL COURSE ISSUER BID

The Company received regulatory approval to purchase its own common shares in accordance with a Normal Course Issuer Bid (NCIB) for the one-year period December 17, 2014 through December 16, 2015. During the nine months ended September 30, 2015, 1,517,700 common shares were purchased at a cost of \$9,414 and, of the amount paid, \$6,093 was charged to capital stock and \$3,321 to retained earnings. These common shares were cancelled prior to September 30, 2015 (nine months ended September 30, 2014 - \$nil).

## 10. CONTRIBUTED SURPLUS

Continuity of Contributed Surplus	Nine Months Ended September 30, 2015	Year Ended December 31, 2014
(C\$000s)	(\$)	(\$)
Balance, beginning of period	<b>24,767</b>	27,658
Stock options expensed	<b>2,297</b>	4,138
Stock options exercised	—	(7,095)
Shares cancelled	—	66
Balance, end of period	<b>27,064</b>	24,767

On June 16, 2015, six common shares were returned to the Company for cancellation. For accounting purposes, the cancellation of these shares was recorded as a reduction of capital stock in the amount of twenty-four dollars, along with a corresponding increase to contributed surplus.

On November 10, 2009, the Company acquired all of the issued and outstanding shares of Century Oilfield Services Inc. ("Century"). The Plan of Arrangement that governed the acquisition included a five-year "sunset clause" which provided that untendered shares would be surrendered to the Company after five years. Effective November 10, 2014, 5,660 common shares of the Company previously held in trust for untendered shareholders were cancelled. In addition, residual proceeds of \$21 previously held in trust for untendered shareholders were returned to the Company.

For accounting purposes, the cancellation of the 5,660 common shares was recorded as a reduction of capital stock in the amount of \$45. Along with the residual cash received, a corresponding increase in contributed surplus was recorded in the amount of \$66.

## 11. STOCK-BASED COMPENSATION

### (a) Stock Options

Continuity of Stock Options	2015		2014	
	Options (#)	Average Exercise Price (C\$)	Options (#)	Average Exercise Price (C\$)
Balance, January 1	4,269,050	14.76	5,002,750	13.99
Granted during the period	1,665,750	9.69	1,249,600	15.79
Exercised for common shares	—	—	(1,450,775)	13.60
Forfeited	(369,126)	13.68	(328,550)	14.54
Expired	(61,250)	11.10	—	—
Balance, September 30	5,504,424	13.34	4,473,025	14.58

Stock options vest equally over four years and expire five years from the date of grant. The exercise price of outstanding options ranges from \$5.80 to \$20.81 with a weighted average remaining life of 2.57 years. When stock options are exercised, the proceeds together with the compensation expense previously recorded in contributed surplus, are added to capital stock.

### (b) Share Units

Continuity of Stock Units	2015			2014		
	Deferred Share Units (#)	Performance Share Units (#)	Restricted Share Units (#)	Deferred Share Units (#)	Performance Share Units (#)	Restricted Share Units (#)
Balance, January 1	70,000	120,000	1,346,642	70,000	90,000	1,027,590
Granted during the period	72,500	178,995	979,507	70,000	120,000	793,000
Exercised	(70,000)	(60,000)	(614,464)	(70,000)	(90,000)	(391,014)
Forfeited	—	—	(146,963)	—	—	(68,344)
Balance, September 30	72,500	238,995	1,564,722	70,000	120,000	1,361,232

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
	(\$)	(\$)	(\$)	(\$)
Expense (recovery) from:				
Stock options	856	1,207	2,297	2,994
Deferred share units	(112)	214	136	916
Performance share units	(332)	265	57	1,356
Restricted share units	(1,705)	1,488	(2,213)	9,497
Total stock-based compensation expense	(1,293)	3,174	277	14,763

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

The Company grants deferred share units to its outside directors. These units vest in November of the year of grant and are settled either in cash (equal to the market value of the underlying shares at the time of exercise) or in Company shares purchased on the open market. The fair value of the deferred share units is recognized equally over the vesting period, based on the current market price of the Company's shares. At September 30, 2015, the liability pertaining to deferred share units was \$168 (December 31, 2014 - \$701).

The Company grants performance share units to a senior officer who does not participate in the stock option plan. The amount of the grants earned is linked to corporate performance and the grants vest on the approval of the Board of

Directors at the meeting held to approve the consolidated financial statements for the year in respect of which performance is being evaluated. As with the deferred share units, performance share units are settled either in cash or Company shares purchased on the open market. At September 30, 2015, the liability pertaining to performance share units was \$398 (December 31, 2014 - \$868).

The Company grants restricted share units to its employees. These units vest equally over three years and are settled either in cash (equal to the market value of the underlying shares at the time of exercise) or in Company shares purchased on the open market. The fair value of the restricted share units is recognized over the vesting period, based on the current market price of the Company's shares. At September 30, 2015, the liability pertaining to restricted share units was \$1,657 (December 31, 2014 - \$9,602).

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

## 12. FINANCIAL INSTRUMENTS

The Company's financial instruments included in the consolidated balance sheets are comprised of cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities, bank loans, long-term debt and finance lease obligations.

The fair values of these financial instruments, except long-term debt, approximate their carrying amounts due to their short-term maturity. The fair value of the senior unsecured notes based on the closing market price at September 30, 2015 was \$496,434 before deduction of unamortized debt issuance costs (December 31, 2014 - \$595,131). The carrying value of the senior unsecured notes at September 30, 2015 was \$800,700 before deduction of unamortized debt issuance costs and debt discount (December 31, 2014 - \$696,060). The fair values of the remaining long-term debt and finance lease obligations approximate their carrying values, as described in notes 6 and 7.

## 13. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating assets and liabilities are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
(C\$000s)	(\$)	(\$)	(\$)	(\$)
Accounts receivable	27,129	(99,212)	280,137	(97,902)
Inventory	20,314	(22,911)	30,852	(36,691)
Prepaid expenses and deposits	(6,756)	(608)	(8,687)	(2,517)
Accounts payable and accrued liabilities	(6,515)	102,433	(198,628)	82,416
Income taxes payable	(2,380)	2,396	(3,115)	3,800
Other long-term liabilities	299	(55)	610	(165)
	<b>32,091</b>	<b>(17,957)</b>	<b>101,169</b>	<b>(51,059)</b>

Purchase of property, plant and equipment is comprised of:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
(C\$000s)	(\$)	(\$)	(\$)	(\$)
Property, plant and equipment additions	(24,945)	(62,909)	(127,970)	(125,825)
Change in liabilities related to purchase of property, plant and equipment	(7,806)	13,045	(11,433)	8,565
	<b>(32,751)</b>	<b>(49,864)</b>	<b>(139,403)</b>	<b>(117,260)</b>

## 14. BUSINESS COMBINATION

On July 6, 2015, the Company acquired all of the outstanding shares of GASFRAC Energy Services Inc. ("GASFRAC"), an oil and gas well fracturing company specializing in gas fracturing technologies, operating in western Canada, for a total purchase price of \$9,498. The purchase was recognized as a business combination and accounted for as such using the acquisition method of accounting under IFRS 3 *Business Combinations*.

The recognized amounts of identifiable assets acquired are as follows:

(C\$000s)	(\$)
Property, plant and equipment	7,463
Deferred income tax asset	34,000
<b>Total identifiable net assets</b>	<b>41,463</b>
Gain on business combination	(31,965)
<b>Total consideration</b>	<b>9,498</b>

The composition of the business combination expenses reported in the statement of operations is as follows:

(C\$000s)	(\$)
Gain on business combination	(31,965)
Acquisition costs	978
<b>Business combination</b>	<b>(30,987)</b>

The gain of \$31,965 was recognized in the statement of operations on the acquisition date and represents the excess of the fair value of identifiable assets over the consideration paid.

The Company has reassessed the fair value of the identifiable assets purchased and the fair value of the consideration transferred in determining the gain, as required under IFRS.

During the period July 7, 2015 to September 30, 2015, the acquisition contributed immaterial operating income to the Company. The pro-forma estimated effects on revenue and operating income, had the acquisition occurred on January 1, 2015, would have been immaterial.

Deferred tax assets in the amount of \$34,000 were recognized on the acquisition of GASFRAC during the period. The Company recognizes the financial statement impact of a tax filing position when it is probable based on technical merits that the position will be sustained upon audit. To the extent that any interpretation of tax law is successfully challenged by the tax authorities and future tax assets will not be realized, the effect of such an adjustment will be recognized into income as part of income tax expense and could materially affect the Company's estimate of current and deferred income taxes.

## 15. CAPITAL STRUCTURE

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

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

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

For the Twelve Months Ended	<b>September 30,</b>	December 31,
(C\$000s)	<b>2015</b>	2014
	(\$)	(\$)
Net income	<b>(55,510)</b>	67,502
Adjusted for the following:		
Depreciation	<b>152,381</b>	139,395
Foreign exchange losses	<b>20,067</b>	30,167
(Gain) loss on disposal of property, plant and equipment	<b>(1,518)</b>	1,577
Business combination (note 14)	<b>(30,987)</b>	—
Impairment of property, plant and equipment (note 3)	<b>4,620</b>	4,620
Impairment of goodwill (note 4)	<b>10,523</b>	979
Provision for settlement of litigation (note 19)	<b>4,640</b>	4,640
Interest	<b>66,187</b>	59,584
Income taxes	<b>(24,604)</b>	48,746
<b>Operating income</b>	<b>145,799</b>	357,210

Net debt for this purpose is calculated as follows:

(C\$000s)	<b>September 30,</b>	December 31,
	<b>2015</b>	2014
	(\$)	(\$)
Long-term debt, net of debt issuance costs and debt discount (note 6)	<b>850,874</b>	738,815
Bank loans (note 5)	<b>23,830</b>	16,388
Finance lease obligation (note 7)	<b>1,223</b>	1,506
Less: cash and cash equivalents	<b>(54,851)</b>	(99,129)
<b>Net debt</b>	<b>821,076</b>	657,580

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

At September 30, 2015, the net debt to operating income ratio was 5.63:1 (December 31, 2014 - 1.84:1) calculated on a 12-month trailing basis as follows:

For The Twelve Months Ended	<b>September 30,</b>	December 31,
(C\$000s, except ratio)	<b>2015</b>	2014
	(\$)	(\$)
Net debt	<b>821,076</b>	657,580
Operating income	<b>145,799</b>	357,210
<b>Net debt to operating income ratio</b>	<b>5.63:1</b>	1.84:1

The Company's net debt to operating income ratio has increased during 2015 due to a cyclical low in activity and pricing in the North American pressure pumping market.

The Company is subject to certain financial covenants relating to working capital, leverage and the generation of cash flow in respect of its operating and revolving credit facilities. These covenants are monitored on a monthly basis. The Company is in compliance with all such covenants. Prior to the end of the second quarter, the Company negotiated an increase to certain of its financial covenant thresholds.

The Company's capital management objectives and targets remain unchanged from prior periods. However, the evaluation measure was changed from prior periods as the net debt to operating income ratio was adopted in the third quarter of 2014.

## 16. RELATED-PARTY TRANSACTIONS

In November 2010, the Company lent a senior officer \$2,500 to purchase common shares of the Company on the Toronto Stock Exchange. The loan is on a non-recourse basis and is secured by the common shares acquired with the loan proceeds. The loan was amended in February 2015 to extend the term by five years to November 8, 2020 and change the interest rate to the prescribed rate under the Income Tax Act (Canada), which rate was 1.0 percent per annum at the time of the amendment. The market value of the shares that secure the loan was approximately \$523 as at September 30, 2015 (December 31, 2014 - \$1,694). In accordance with applicable accounting standards regarding share purchase loans receivable, this loan is classified as a reduction of shareholders' equity due to its non-recourse nature. In addition, the shares purchased with the loan proceeds are considered to be, in substance, stock options.

The Company leases certain premises from an entity controlled by a director of the Company. The rent charged for these premises during the nine months ended September 30, 2015 was \$760 (nine months ended September 30, 2014 - \$606), as measured at the exchange amount.

## 17. PRESENTATION OF EXPENSES

The Company presents its expenses on the consolidated statements of operations using the function of expense method whereby expenses are classified according to their function within the Company. This method was selected as it is more closely aligned with the Company's business structure. The Company's functions under IFRS are as follows:

- operations; and
- selling, general and administrative.

Cost of sales includes direct operating costs (including product costs, direct labour and overhead costs) and depreciation on assets relating to operations.

Additional information on the nature of expenses is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
(C\$000s)			(\$)	(\$)
Product costs	<b>96,643</b>	201,418	<b>424,176</b>	516,621
Depreciation	<b>39,476</b>	35,455	<b>116,384</b>	103,398
Amortization of debt issuance costs and debt discount	<b>623</b>	514	<b>1,721</b>	1,534
Employee benefits expense (note 18)	<b>78,730</b>	137,758	<b>313,429</b>	384,555

## 18. EMPLOYEE BENEFITS EXPENSE

Employee benefits include all forms of consideration given by the Company in exchange for services rendered by employees.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
(C\$000s)			(\$)	(\$)
Salaries and short-term employee benefits	<b>78,749</b>	133,479	<b>309,647</b>	365,089
Post-employment benefits (group retirement savings plan)	<b>—</b>	1,170	<b>2,185</b>	3,600
Share-based payments	<b>(1,293)</b>	3,175	<b>277</b>	14,764
Termination benefits	<b>1,274</b>	(66)	<b>1,320</b>	1,102
	<b>78,730</b>	137,758	<b>313,429</b>	384,555

## 19. CONTINGENCIES

### GREEK LITIGATION

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

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

In 1999, the largest group of plaintiffs received a ruling from the Athens Court of First Instance that their termination was invalid and that salaries in arrears amounting to approximately \$10,210 (6,846 euros) plus interest were due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. The said group of former employees filed an appeal with the Supreme Court of Greece, which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered in June 2010. As a result of Denison's participation in the consortium that was named in the lawsuit, the Company was served with a payment order on March 24, 2015 relating to approximately \$7,318 (4,907 euros) of the salaries in arrears noted above, together with associated interest of approximately \$13,117 (8,795 euros). An opposition brief was filed on behalf of the Company on April 16, 2015 which opposes the payment order on the basis that it was improperly issued and is barred from a statute of limitations perspective. A hearing in respect of the Company's application is scheduled for November 24, 2015.

NAPC is also the subject of a claim for approximately \$4,268 (2,862 euros) plus associated penalties and interest from the Greek social security agency for social security obligations associated with the salaries in arrears that are the subject of the above-mentioned decision.

The maximum aggregate interest and penalties payable under the claims noted above, as well as three other immaterial claims against NAPC, amounted to \$24,483 (16,416 euros) as at September 30, 2015.

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

### U.S. LITIGATION

A collective and class action complaint was filed against the Company in September 2012 in the U.S. District Court for the Western District of Pennsylvania, alleging failure to pay U.S. employees the amount of overtime pay required by the Fair Labor Standards Act (FLSA) and the Pennsylvania Minimum Wage Act. In May 2013, the plaintiffs amended their complaint to add a Colorado wage-hour claim. In June 2013, the parties stipulated to conditional certification of a putative class in the FLSA collective action. After notice of the right to opt-in was mailed to approximately 1,200 current and former employees, 359 individuals opted in. Pursuant to a court-approved discovery plan, discovery occurred as to a mutually agreed-upon sample of the conditionally-certified opt-in class.

The Company and the plaintiffs have reached a tentative settlement of all claims, including certain potential, related claims. The court preliminarily approved the settlement in August 2015. The settlement is subject to final court approval in December 2015. As part of the settlement, plaintiffs filed a second amended complaint to add Arkansas and North Dakota wage-hour claims. For settlement purposes only, the court conditionally certified classes for the FLSA claim and each of the four state law claims. The proposed settlement contemplates use of a claims procedure, pursuant to which each plaintiff and potential plaintiff would be required to file a claim to be entitled to receive money pursuant to the settlement. The US\$4,000 provision recorded by the Company represents its current best estimate of the projected net cost of the settlement. The Company does not have insurance coverage for these claims.



## 20. SEGMENTED INFORMATION

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

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

	Canada	United States	Russia	Latin America	Corporate	Consolidated
(C\$000s)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Three Months Ended September 30, 2015</b>						
Revenue	121,469	93,142	35,874	38,590	—	289,075
Operating income (loss) <sup>(1)</sup>	10,630	(6,852)	4,333	766	(6,102)	2,775
Segmented assets	642,073	955,968	109,936	205,576	—	1,913,553
Capital expenditures	3,995	11,947	122	8,881	—	24,945
Goodwill	—	—	—	—	—	—
<b>Three Months Ended September 30, 2014</b>						
Revenue	282,077	331,862	43,895	39,606	—	697,440
Operating income (loss) <sup>(1)</sup>	65,050	67,273	5,873	5,365	(17,503)	126,058
Segmented assets	775,075	989,515	146,088	179,370	—	2,090,048
Capital expenditures	20,759	30,080	1,413	10,657	—	62,909
Goodwill	7,236	2,308	979	—	—	10,523
<b>Nine Months Ended September 30, 2015</b>						
Revenue	409,761	570,744	105,234	123,272	—	1,209,011
Operating income (loss) <sup>(1)</sup>	24,763	3,826	10,511	9,265	(24,768)	23,597
Segmented assets	642,073	955,968	109,936	205,576	—	1,913,553
Capital expenditures	26,905	60,290	1,440	39,335	—	127,970
Goodwill	—	—	—	—	—	—
<b>Nine Months Ended September 30, 2014</b>						
Revenue	645,964	858,872	134,018	109,181	—	1,748,035
Operating income (loss) <sup>(1)</sup>	108,207	147,664	13,912	15,021	(49,796)	235,008
Segmented assets	775,075	989,515	146,088	179,370	—	2,090,048
Capital expenditures	30,928	70,296	8,013	16,315	—	125,552
Goodwill	7,236	2,308	979	—	—	10,523

<sup>(1)</sup> Operating income (loss) is defined as net income (loss) before depreciation, foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, expenses and gain related to business combinations, impairment of goodwill, interest, and income taxes.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
(C\$000s)	(\$)	(\$)	(\$)	(\$)
Net (loss) income	<b>(25,045)</b>	44,650	<b>(81,790)</b>	41,222
Add back (deduct):				
Depreciation	<b>39,476</b>	35,455	<b>116,384</b>	103,398
Foreign exchange losses	<b>1,808</b>	5,807	<b>3,485</b>	13,585
(Gain) loss on disposal of property, plant and equipment	<b>(471)</b>	758	<b>(1,614)</b>	1,481
Business combination	<b>(30,987)</b>	—	<b>(30,987)</b>	—
Impairment of goodwill	<b>9,544</b>	—	<b>9,544</b>	—
Interest	<b>17,872</b>	14,691	<b>50,678</b>	44,075
Income taxes	<b>(9,422)</b>	24,697	<b>(42,103)</b>	31,247
Operating income	<b>2,775</b>	126,058	<b>23,597</b>	235,008

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

The following table sets forth consolidated revenue by service line:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
(C\$000s)	(\$)	(\$)	(\$)	(\$)
Fracturing	<b>245,519</b>	640,973	<b>1,081,703</b>	1,602,733
Coiled tubing	<b>21,836</b>	31,856	<b>64,987</b>	79,778
Cementing	<b>20,037</b>	20,861	<b>54,248</b>	57,280
Other	<b>1,683</b>	3,750	<b>8,073</b>	8,244
	<b>289,075</b>	697,440	<b>1,209,011</b>	1,748,035

## 21. SEASONALITY OF OPERATIONS

Certain of the Company's Canadian and United States businesses are seasonal in nature. The lowest activity levels in these areas are typically experienced during the second quarter of the year when road weight restrictions are in place and access to wellsites in Canada and North Dakota is reduced.

## 22. DIVIDEND REINVESTMENT PLAN

The Company's Dividend Reinvestment Plan (DRIP) allows shareholders to direct cash dividends paid on all or a portion of their common shares to be reinvested in additional common shares that are issued at 95 percent of the volume-weighted average price of the common shares traded on the Toronto Stock Exchange during the last five trading days preceding the relevant dividend payment date.

A dividend of \$0.0625 per common share was declared on June 17, 2015 and paid on July 15, 2015. Of the total dividend of \$6,066, \$1,500 was reinvested under the DRIP into 219,549 common shares of the Company.

A dividend of \$0.125 per common share was declared on March 18, 2015 and paid on April 15, 2015. Of the total dividend of \$12,190, \$5,645 was reinvested under the DRIP into 583,187 common shares of the Company.

A dividend of \$0.125 per common share was declared on December 4, 2014 and paid on January 15, 2015. Of the total dividend of \$11,907, \$5,588 was reinvested under the DRIP into 671,643 common shares of the Company.

On September 24, 2015, the Company announced that the DRIP was suspended.

## CORPORATE INFORMATION

### Board of Directors

**Ronald P. Mathison** <sup>(1)(2)</sup>  
Chairman  
President & Chief Executive Officer  
Matco Investments Ltd.

**Douglas R. Ramsay** <sup>(4)</sup>  
Vice Chairman  
Calfrac Well Services Ltd.

**Fernando Aguilar**  
President & Chief Executive Officer  
Calfrac Well Services Ltd.

**Kevin R. Baker, Q.C.** <sup>(1)(2)(3)</sup>  
President & Managing Director  
Baycor Capital Inc.

**James S. Blair** <sup>(3)(4)</sup>  
President & Chief Executive Officer  
Glenogle Energy Inc.

**Gregory S. Fletcher** <sup>(1)(2)(3)</sup>  
President  
Sierra Energy Inc.

**Lorne A. Gartner** <sup>(1)(2)(4)</sup>  
Independent Businessman

- (1) Member of the Audit Committee
- (2) Member of the Compensation Committee
- (3) Member of the Corporate Governance and Nominating Committee
- (4) Member of the Health, Safety and Environment Committee

### Officers

**Fernando Aguilar**  
President & Chief Executive Officer

**Lindsay R. Link**  
Chief Operating Officer

**Michael J. (Mick) McNulty**  
Chief Financial Officer

**Gerardo D. Kuracz**  
President, Latin American Division

**Tom J. Medvedic**  
President, Canadian Division

**Robert L. Sutherland**  
President, Russian Division

**Fred L. Toney**  
President, United States Division

**J. Michael Brown**  
Vice President, Technical Services

**Mark R. Ellingson**  
Vice President, Sales & Marketing, United States Division

**Chris K. Gall**  
Vice President, Global Supply Chain

**Roderick P. Kuntz**  
Vice President, HS&E

**Chad J. Leier**  
Vice President, Sales & Marketing, Canadian Division

**Umberto Marseglia**  
Vice President, Global Business

**Edward L. Oke**  
Vice President, Human Resources

**Michael D. Olinek**  
Vice President, Finance

**B. Mark Paslawski**  
Vice President, General Counsel & Corporate Secretary

**F. Bruce Payne**  
Vice President, Global Operations

**Gary J. Rokosh**  
Vice President, Business Development, Canadian Division

**Matthew L. Mignault**  
Corporate Controller

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### Auditors

PricewaterhouseCoopers LLP  
Calgary, Alberta

### Bankers

HSBC Bank Canada  
Alberta Treasury Branches  
Royal Bank of Canada  
Canadian Imperial Bank of Commerce  
Export Development Canada  
The Bank of Nova Scotia

### Legal Counsel

Bennett Jones LLP  
Calgary, Alberta

### Stock Exchange Listing

Trading Symbol: CFW

### Registrar and Transfer Agent

For information concerning lost share certificates and estate transfers, or for a change in share registration or address, please contact the transfer agent and registrar:  
Computershare Investor Services Inc.  
9th floor, 100 University Avenue  
Toronto, ON M5J 2Y1  
1-800-564-6253  
service@computershare.com

## Facilities and Operating Bases

### CANADA

#### ALBERTA

Calgary - Corporate Head Office  
Calgary - Technology and Training Centre  
Edson  
Grande Prairie  
Medicine Hat  
Red Deer

#### BRITISH COLUMBIA

Dawson Creek

#### SASKATCHEWAN

Estevan  
Kindersley

### UNITED STATES

#### ARKANSAS

Beebe

#### COLORADO

Denver - Regional Office  
Grand Junction  
Platteville

#### NORTH DAKOTA

Williston

#### PENNSYLVANIA

Philipsburg  
Smithfield

#### TEXAS

San Antonio

### RUSSIA

Moscow - Regional Office  
Khanty-Mansiysk  
Nefteugansk  
Noyabrsk  
Usinsk

### ARGENTINA

Buenos Aires - Regional Office  
Catriel  
Comodoro Rivadavia  
Las Heras  
Neuquén

### MEXICO

Mexico City - Regional Office  
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