CALFRAC WELL SERVICES LTD.
NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

The annual and special meeting (the "Meeting") of shareholders of Calfrac Well Services Ltd. (the "Corporation") will be held in the McMurray Room at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta, on Tuesday, May 5, 2020, at 3:30 p.m. for the following purposes:

1. to receive the financial statements for the year ended December 31, 2019, and the auditor's report thereon;

2. to elect directors;

3. to appoint the auditor;

4. to consider and, if thought advisable, to pass a resolution to approve the unallocated options to purchase common shares of the Corporation under the Corporation's stock option plan;

5. to consider and, if thought advisable, to pass a resolution to approve the unallocated equity-based awards under the performance share unit plan of the Corporation; and

6. to transact such other business as may properly come before the Meeting or any adjournment thereof.

A shareholder may attend the Meeting in person or may be represented by proxy. **However, due to the current and rapidly evolving COVID-19 pandemic, the Corporation asks that shareholders consider the advice and instructions of the Public Health Agency of Canada (www.canada.ca/en/public-health.html) and Alberta Health Services (www.albertahealthservices.ca) when deciding whether to attend the Meeting in person. Access to the Meeting will, subject to the Corporation's by-laws, be limited to essential personnel and registered shareholders and duly appointed proxyholders entitled to attend and vote at the Meeting. Depending upon the status of the pandemic at the time, the Corporation encourages registered shareholders and duly appointed proxyholders to not attend the Meeting in person, particularly if they are experiencing any of the described COVID-19 symptoms.** As always, the Corporation encourages shareholders to vote their common shares prior to the Meeting following the instructions set out in the form of proxy or voting instruction form received by such shareholders.

Shareholders not attending the Meeting in person are requested to complete, date and sign the accompanying form of proxy and return it in the envelope provided to Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1. To be valid and used, properly executed proxies must be received by Computershare Trust Company of Canada at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment thereof.

DATED March 25, 2020.

BY ORDER OF THE BOARD OF DIRECTORS

Joel S. Gaucher
General Counsel and Corporate Secretary

MANAGEMENT INFORMATION CIRCULAR

This management information circular ("Circular") is furnished in connection with the solicitation of proxies by the management of Calfrac Well Services Ltd. (the "Corporation") for use at the annual and special meeting of shareholders of the Corporation to be held in the McMurray Room at the Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta, on Tuesday, May 5, 2020, at 3:30 p.m. (the "Meeting") and at any adjournment thereof for the purposes set forth in the accompanying notice of meeting.

ATTENDANCE AT MEETING DISCOURAGED DUE TO COVID-19 PANDEMIC

Due to the current and rapidly evolving COVID-19 pandemic, the Corporation asks that shareholders consider the advice and instructions of the Public Health Agency of Canada (www.canada.ca/en/public-health.html) and Alberta Health Services (www.albertahealthservices.ca) when deciding whether to attend the Meeting in person. Access to the Meeting will, subject to the Corporation's by-laws, be limited to essential personnel and registered shareholders and duly appointed proxyholders entitled to attend and vote at the Meeting. Depending upon the status of the pandemic at the time, the Corporation encourages registered shareholders and duly appointed proxyholders to not attend the Meeting in person, particularly if they are experiencing any of the described COVID-19 symptoms. As always, the Corporation encourages shareholders to vote their common shares prior to the Meeting following the instructions set out in the form of proxy or voting instruction form received by such shareholders.

The Corporation may take additional precautionary measures in relation to the Meeting in response to further developments with the COVID-19 pandemic. In the event it is not possible or advisable to hold the Meeting in person, the Corporation will announce alternative arrangements for the Meeting as promptly as practicable, which may include holding the Meeting entirely by electronic means, telephone or other communication facilities. Please monitor our website at www.calfrac.com for updated information.

The Corporation will be providing a live webcast of the Meeting. Shareholders not attending the Meeting in person are encouraged to listen to the webcast. However, shareholders will not be able to vote through the webcast or otherwise participate in the Meeting. A link to the webcast will be available on the Corporation's website at www.calfrac.com.

APPOINTMENT OF PROXYHOLDER AND DISCRETIONARY AUTHORITY

The persons designated in the accompanying form of proxy are officers of the Corporation. **A shareholder has the right to appoint a person or company to represent the shareholder at the Meeting other than the persons designated in the accompanying form of proxy.** A shareholder may exercise this right by inserting in the blank space provided in the accompanying form of proxy the name of the person to be appointed and deleting the names of the persons designated in the form of proxy, or by completing another proper form of proxy. In order for a proxy to be valid, it must be dated and signed by the shareholder or by the shareholder's attorney authorized in writing and received by Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, not later than 3:30 p.m. (MDT) on Friday, May 1, 2020, or 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting. The time limit for deposit of proxies may be waived or extended by the chairman of the Meeting at his or her discretion without notice.

All shares represented by a proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for, and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **The shares to which a proxy relates will be voted FOR each matter as to which a choice is not specified.**

The accompanying form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the accompanying notice of meeting and other matters which may properly come before the Meeting. At the date of this Circular, management of the Corporation is not aware that any amendments, variations or other matters are to be presented for action at the Meeting. If any amendments, variations or other matters do properly come before the Meeting, the persons named in the accompanying form of proxy will vote according to their best judgment.

REVOCABILITY OF PROXY

A shareholder may revoke a proxy by depositing an instrument in writing executed by the shareholder or the shareholder's attorney authorized in writing at the office of Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof.

VOTING OF PROXIES

Registered Shareholders

A registered shareholder may vote in any of the ways set out below.

On the Internet: A registered shareholder can go to the website at www.investorvote.com and follow the instructions on the screen. The shareholder's voting instructions are then conveyed electronically over the Internet. The shareholder will need the 15 digit Control Number found on his or her proxy.

By Telephone: A registered shareholder can call the number located on such shareholder's proxy. The shareholder will need the 15 digit Control Number found on his or her proxy.

By Mail: A registered shareholder can complete the proxy as directed and return it in the business reply envelope provided to Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1.

By Fax: A registered shareholder may submit his or her proxy by facsimile by completing, dating and signing the enclosed form of proxy and returning it by facsimile to Computershare Investor Services Inc. at (416) 263-9524 or toll free (within North America) at (866) 249-7775.

At the Meeting: If a registered shareholder plans to vote in person, such shareholder does not need to do anything except attend the Meeting. The shareholder should register with the representatives of Computershare upon arrival at the Meeting. **However, registered shareholders who plan to vote in person should review and consider the disclosure under the heading "Attendance at Meeting Discouraged Due to COVID-19 Pandemic".**

Non-Registered Shareholders

Shareholders who do not hold their shares in their own name ("Non-registered Shareholders") may have their shares voted at the Meeting by providing voting instructions to their "nominee", which is usually a trust company, broker or other financial institution. Nominees will typically seek voting instructions by sending with this Circular a voting instruction form instead of a form of proxy. A voting instruction form can be used only to provide voting instructions to a Non-registered Shareholder's nominee. Every nominee has its own signing and return instructions, which Non-registered Shareholders must follow to ensure that their shares are voted at the Meeting.

A Non-registered Shareholder may vote in any of the ways set out below.

On the Internet: A Non-registered Shareholder can go to the website at www.proxyvote.com and follow the instructions on the screen. The shareholder's voting instructions are then conveyed electronically over the Internet. The shareholder will need the 16 digit Control Number found on his or her voting instruction form.

By Telephone: A Non-registered Shareholder can call the number located on such shareholder's voting instruction form. The shareholder will need the 16 digit Control Number found on his or her voting instruction form.

By Mail: A Non-registered Shareholder can complete the voting instruction form as directed and return it in the business reply envelope provided by the shareholder's nominee's cut-off date and time.

Alternatively, Non-registered Shareholders may attend the Meeting and vote their shares as proxyholder by entering their own name in the space provided on the voting instruction form supplied by their nominee and following the signing and return instructions. Non-registered Shareholders who follow this procedure will be recognized at the Meeting as proxyholders and will be permitted to vote their shares in that capacity. **However, Non-registered Shareholders who plan to attend the Meeting should review and consider the disclosure under the heading "Attendance at Meeting Discouraged Due to COVID-19 Pandemic".**

NOTICE AND ACCESS

The Corporation has elected to use the "notice-and-access" provisions under National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* for the Meeting in respect of the mailing of the Meeting materials to the Non-registered Shareholders, but not in respect of the registered shareholders. The notice-and-access provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials required to be physically mailed to shareholders by allowing a reporting issuer to post its proxy-related meeting materials online.

The Corporation will be using stratification procedures in relation to the use of the notice-and-access provisions. In relation to the Meeting, the Corporation's registered shareholders will receive a paper copy of the Notice of Meeting, the Circular, a form of proxy and the annual financial statements and related management's discussion and analysis. All Non-registered Shareholders will receive a notice-and-access notification and a proxy or voting instruction form and only those Non-registered Shareholders who responded to the supplemental mail card pursuant to National Instrument 51-102 *Continuous Disclosure Obligations* will receive a copy of the annual financial statements and related management's discussion and analysis.

VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

The record date for the Meeting is March 17, 2020 (the "Record Date"). A person whose name was entered on the register of common shares at the close of business on that date is entitled to vote at the Meeting the shares shown opposite that person's name in the register of common shares, except to the extent that the person has transferred the ownership of any of the person's shares after the record date and the transferee of those shares establishes that the transferee owns the shares and demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee is entitled to vote the transferee's shares at the Meeting. As at March 17, 2020, there were 145,171,194 common shares outstanding, with each share carrying the right to one vote.

To the knowledge of the directors and officers of the Corporation, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation other than as set forth below.

Name	Number of Common Shares	Percent of Outstanding[(1)]
Ronald P. Mathison Calgary, Alberta	28,834,321	19.86%
Wilks Brothers, LLC and Dan and Staci Wilks (collectively, the "Wilks Brothers")[(2)] Cisco, Texas, USA	28,720,172	19.78%
Alberta Investment Management Corporation ("AIMCo")[(3)] Edmonton, Alberta	20,580,121	14.18%
Foyston, Gordon & Payne Inc. ("FGP")[(4)] Toronto, Ontario	14,783,867	10.18%

Notes:

(1) Calculated based on the number of issued and outstanding common shares of the Corporation on March 17, 2020.

(2) Based on publicly available information whereby as at November 22, 2017, the Wilks Brothers reported (pursuant to the Early Warning System – Alternative Monthly Report filed on the System for Electronic Document Analysis and Retrieval ("SEDAR")) that they held 28,720,172 of the Corporation's common shares.

(3) Based on publicly available information whereby as at November 30, 2017, AIMCo reported (pursuant to the Early Warning System – Alternative Monthly Report filed on SEDAR) that it held 20,580,121 of the Corporation's common shares.

(4) Based on publicly available information whereby as at January 10, 2020, FGP reported (pursuant to the Early Warning System – Alternative Monthly Report filed on SEDAR) that it exercises control and direction over an aggregate of 14,783,867 of the Corporation's common shares.

BUSINESS OF THE MEETING

Receipt of Financial Statements

The financial statements for the year ended December 31, 2019, and the report of the auditor will be placed before the shareholders at the Meeting. The financial statements are being mailed to registered shareholders with this Circular, and copies will be available at the Meeting.

Election of Directors

The Articles of the Corporation provide that the minimum number of directors shall be three and the maximum number shall be 15. There are currently seven directors. The board of directors of the Corporation has set the number of directors to be elected at the Meeting at seven. At the Meeting, shareholders will be asked to elect as directors the seven nominees listed in the following table to serve until the close of the next annual meeting of shareholders. All of the proposed nominees, with the exception of Mr. Lindsay R. Link, were duly elected as directors at the annual meeting of shareholders held on May 7, 2019.

Majority Voting

The Corporation's majority voting policy for the election of directors provides that in the event that any nominee for election receives more "withheld" votes than "for" votes at any meeting at which shareholders vote on the uncontested election of directors, such nominee shall immediately tender his or her resignation to the board of directors, to be effective on acceptance by the board. A nominee who tenders a resignation shall not participate in a meeting of the board or any sub-committee of the board at which the resignation is considered. The board of directors shall consider the resignation and disclose by press release its decision whether to accept that resignation and the reason for its decision no later than 90 days after the date of the Meeting, and the board of directors may fill any vacancy created thereby. The board shall accept the resignation absent exceptional circumstances. The Report of Voting Results filed on SEDAR following the Meeting will include a breakdown of the percentage of votes for and the percentage of votes withheld for each nominee, rather than simply disclosing the result of the vote.

Nominees for Election

The following table provides, among other things, the names, ages and cities of residence of all persons proposed to be nominated for election as directors of the Corporation, the date on which each became a director of the Corporation (or its predecessor, Denison Energy Inc.), the voting results with respect to each nominee at the previous meeting of shareholders at which directors were elected, the present occupations and brief biographies of such persons, the committee memberships and other public company board memberships of each nominee, the number (and total market value) of securities of the Corporation beneficially owned, or controlled or directed, directly or indirectly, and the number (and total market value) of deferred share units, performance share units and/or options, as applicable, held by each nominee as at March 17, 2020.

Ronald P. Mathison
Age: 63
Calgary, Alberta, Canada
Director since March 8, 2004[(1)]
Not Independent

Skills and Experience[(3)]:
Business
Board
International
Financial
Compensation
Strategic Growth

Mr. Mathison is one of the Corporation's founders and served as a member of the board of directors and as Chairman of the Corporation since its formation in 1999 and as its Executive Chairman since June 10, 2019. Mr. Mathison is the Chairman of MATCO Investments Ltd., a private investment firm which invests in the oil and gas and oilfield services industries, in real estate and in selected other opportunities. Until October 2000, Mr. Mathison was a director and principal of Peters & Co. Limited, an investment firm specializing in the energy industry. Prior thereto, Mr. Mathison and two other individuals formed the nucleus of Peters & Co. Capital, a private merchant banking entity that is widely associated with numerous restructurings of oil and natural gas exploration and production companies and oilfield service companies.

Board/Committee Memberships	Attendance at Meetings during 2019	
Board of Directors	10 of 10	100%

Other Public Company Board Memberships
Western Energy Services Corp.

Voting Results from 2019 Annual Meeting[(5)]	For	Withheld	Total
Number of Votes	92,519,979	28,369,784	120,889,763
Percentage of Votes	76.53%	23.47%	100%

Securities Held

Common Shares[(6)]	DSUs[(6)]	Options	Total Market Value of Common Shares[(6)]	Total Market Value of DSUs[(6)]	Meets Minimum Share Ownership Requirement[(7)]
28,834,321[(8)]	40,000	1,712,919	$5,046,006	$7,000	Yes

Douglas R. Ramsay
Age: 64
Okotoks, Alberta, Canada
Director since March 24, 2004
Independent[(2)]

Skills and Experience[(3)]:
Business
Board
International
Operational
Financial
Compensation
Strategic Growth
Health, Safety and Environment

Mr. Ramsay is a founder and the Vice Chairman of the Corporation, and he has served as a member of the board of directors of the Corporation since its formation in 1999. Mr. Ramsay also served as President and Chief Executive Officer of the Corporation from its inception to November 1, 2010 and as Chief Executive Officer from November 1, 2010 until December 31, 2013. Mr. Ramsay has an extensive background in the oil and natural gas industry. Prior to 1994, Mr. Ramsay was the President of Canadian Fracmaster Ltd., where he spent 12 years enhancing the overall presence such company in Canada and worldwide. Previous industry experience as a Project Manager for Delta Consultants, Drilling and Completions Foreman for Dome Petroleum Corp., and Service Operator for BJ Well Services Company has contributed to Mr. Ramsay's overall knowledge of the industry.

Board/Committee Memberships	Attendance at Meetings during 2019	
Board of Directors	10 of 10	100%
Health, Safety, Environment and Quality Committee	4 of 4	100%

Other Public Company Board Memberships
Tervita Corporation

Voting Results from 2019 Annual Meeting[(5)]	For	Withheld	Total
Number of Votes	92,526,707	28,363,056	120,619,763
Percentage of Votes	76.54%	23.46%	100%

Securities Held

Common Shares[(6)]	DSUs[(6)]	Total Market Value of Common Shares[(6)]	Total Market Value of DSUs[(6)]	Meets Minimum Share Ownership Requirement[(7)]
3,015,184	50,000	$527,657	$8,750	Yes

Lindsay R. Link
Age: 59
Calgary, Alberta, Canada
Director since June 10, 2019
Not Independent

Skills and Experience[3]:
Business
International
Operational
Financial
Compensation
Strategic Growth
Health, Safety and Environment

Mr. Link has been the President and Chief Operating Officer of the Corporation since June 2019. Mr. Link joined the Corporation as President, U.S. Division in February 2013 and, in January 2015, was appointed the Chief Operating Officer of the Corporation. Before joining the Corporation, Mr. Link held senior management positions at Baker Hughes Incorporated including Managing Director, Continental Europe and President, Pressure Pumping. Prior thereto, he was the Vice President, Process & Pipelines Division of BJ Services Company from 2004 to 2010.

Board/Committee Memberships	**Attendance at Meetings during 2019**	
Board of Directors[4]	5 of 5	100%
Other Public Company Board Memberships		
None		
Voting Results from 2019 Annual Meeting		
N/A		

Securities Held

Common Shares[6]	**PSUs[6]**	**Options**	**Total Market Value of Common Shares[6]**	**Total Market Value of PSUs[6]**	**Meets Minimum Share Ownership Requirement[7]**
115,476	145,834	905,000	$20,208	$25,521	Yes

Kevin R. Baker, Q.C.
Age: 71
Calgary, Alberta, Canada
Director since May 11, 2010
Independent[2]

Skills and Experience[3]:
Business
Board
International
Operational
Financial
Legal
Compensation
Strategic Growth
Health, Safety and Environment

Mr. Baker served as President and Chief Executive Officer of Century Oilfield Services Inc. from August 2005 until November 10, 2009, when it was acquired by the Corporation. He has also served as the President and Managing Director of Baycor Capital Inc. (and its predecessor companies), a company whose principal business is that of a private merchant bank, since January 1990 and the Chief Executive Officer of ConleyMax Inc., an oilfield service company, since September 2011. He was the President and Chief Executive Officer of Loncor Resources Inc. (formerly, Nevada Bob's International Inc., a company whose principal business was the licensing of trademarks) from September 2000 until November 2009.

Board/Committee Memberships	**Attendance at Meetings during 2019**	
Board of Directors..	10 of 10	100%
Audit Committee..	4 of 4	100%
Compensation Committee..	3 of 3	100%
Corporate Governance and Nominating Committee (Chair)	3 of 3	100%
Health, Safety, Environment and Quality Committee	4 of 4	100%
Other Public Company Board Memberships		
Tailwind Capital Corporation		

Voting Results from 2019 Annual Meeting[5]

	For	**Withheld**	**Total**
Number of Votes	91,779,196	29,110,567	120,889,763
Percentage of Votes	75.92%	24.08%	100%

Securities Held

Common Shares[6]	**DSUs[6]**	**Total Market Value of Common Shares[6]**	**Total Market Value of DSUs[6]**	**Meets Minimum Share Ownership Requirement[7]**
369,910	40,000	$64,734	$7,000	Yes

James S. Blair
Age: 64
Calgary, Alberta, Canada
Director since May 8, 2002[(1)]
Independent[(2)]

Skills and Experience[(3)]:
Business
Board
International
Operational
Financial
Compensation
Strategic Growth
Health, Safety and Environment

Mr. Blair is the President and Chief Executive Officer of Glenogle Energy Inc., a private oil and gas exploration and development company. Mr. Blair was the Chairman and Chief Executive Officer of ExAlta Energy Inc., a public oil and gas exploration and development company, from 2002 to 2008. Until January 2002, Mr. Blair was Senior Vice President and Chief Operating Officer of Husky Energy Inc.

Board/Committee Memberships	**Attendance at Meetings during 2019**	
Board of Directors	10 of 10	100%
Audit Committee	4 of 4	100%
Compensation Committee	2 of 3	66.66%
Corporate Governance and Nominating Committee	2 of 3	66.66%
Health, Safety, Environment and Quality Committee (Chair)	4 of 4	100%

Other Public Company Board Memberships

None

Voting Results from 2019 Annual Meeting[(5)]

	For	**Withheld**	**Total**
Number of Votes	91,997,780	28,891,983	120,889,763
Percentage of Votes	76.10%	23.90%	100%

Securities Held

Common Shares[(6)]	**DSUs[(6)]**	**Total Market Value of Common Shares[(6)]**	**Total Market Value of DSUs[(6)]**	**Meets Minimum Share Ownership Requirement[(7)]**
35,621	40,000	$6,234	$7,000	Yes

Gregory S. Fletcher
Age: 71
Calgary, Alberta, Canada
Director since May 8, 2002[(1)]
Independent[(2)]

Skills and Experience[(3)]:
Business
Board
International
Operational
Financial
Compensation
Strategic Growth
Health, Safety and Environment

Mr. Fletcher was appointed as the Corporation's Lead Director effective June 10, 2019. Mr. Fletcher is an independent businessman involved in the oil and natural gas industry in western Canada. He is currently the President of Sierra Energy Inc., a private oil and natural gas company that he founded in 1997. Mr. Fletcher is also a director of Peyto Exploration & Development Corp., a public oil and natural gas company, and Whitecap Resources Inc., a public oil and natural gas company. During 2009, Mr. Fletcher completed the Director Education Program developed by the Institute of Corporate Directors and the Rotman School of Management in conjunction with the Haskayne School of Business.

Board/Committee Memberships	**Attendance at Meetings during 2019**	
Board of Directors	10 of 10	100%
Audit Committee (Chair)	4 of 4	100%
Compensation Committee	3 of 3	100%
Corporate Governance and Nominating Committee	3 of 3	100%

Other Public Company Board Memberships

Peyto Exploration & Development Corp.
Whitecap Resources Inc.

Voting Results from 2019 Annual Special Meeting[(5)]

	For	**Withheld**	**Total**
Number of Votes	92,066,750	28,823,013	120,889,763
Percentage of Votes	76.16%	23.84%	100%

Securities Held

Common Shares[(6)]	**DSUs[(6)]**	**Total Market Value of Common Shares[(6)]**	**Total Market Value of DSUs[(6)]**	**Meets Minimum Share Ownership Requirement[(7)]**
88,784	40,000	$15,537	$7,000	Yes

Lorne A. Gartner
Age: 70
Calgary, Alberta, Canada
Director since May 11, 2010
Independent(2)

Skills and Experience(3):
Business
Board
International
Financial
Compensation
Strategic Growth
Health, Safety and Environment

Mr. Gartner is an independent businessman. Formerly he was the Managing Director of Royal Bank of Canada Capital Markets, a position he held from 2000 to 2006. Prior to that time, he was a Vice President of Royal Bank of Canada, Calgary Energy Group.

Board/Committee Memberships	**Attendance at Meetings during 2019**	
Board of Directors	10 of 10	100%
Audit Committee	4 of 4	100%
Compensation Committee (Chair)	3 of 3	100%
Corporate Governance and Nominating Committee	3 of 3	100%
Health, Safety, Environment and Quality Committee	4 of 4	100%
Other Public Company Board Memberships		
Western Energy Services Corp.		

Voting Results from 2019 Annual Meeting(5)	**For**	**Withheld**	**Total**
Number of Votes	92,085,392	28,804,371	120,889,763
Percentage of Votes	76.17%	23.83%	100%

Securities Held

Common Shares(6)	**DSUs(6)**	**Total Market Value of Common Shares(6)**	**Total Market Value of DSUs(6)**	**Meets Minimum Share Ownership Requirement(7)**
16,346	40,000	$2,861	$7,000	Yes

Notes:

(1) Service prior to March 24, 2004 was as a director of the Corporation's predecessor, Denison Energy Inc.

(2) "Independent" refers to the standards of independence set forth within Section 1.4 of National Instrument 52-110 *Audit Committees*. Five of seven of the nominees are considered Independent under this standard. The standards of independence utilized by certain proxy advisory firms, however, are different from those set forth in Section 1.4 of National Instrument 52-110 *Audit Committees* and have resulted in Mr. Ramsay, in addition to Messrs. Mathison and Link, being considered non-independent by such proxy advisory firms. In order to address any concerns raised by such proxy advisory firms about the independence of directors on the key board committees of the Corporation, such individuals have not been appointed to the key board committees.

(3) See "Corporate Governance Practices – Nomination of Directors" for a description of the skills and experience set forth in the director's biography.

(4) Mr. Link was appointed as a director of the Corporation effective June 10, 2019.

(5) The vast majority of the votes that were withheld with respect to each director at the Corporation's 2019 annual meeting are attributable to Wilks Brothers, LLC and certain related parties which hold 28,720,172 of the Corporation's common shares. For information relating to the Corporation's ongoing legal action against Wilks Brothers, LLC in the Court of Queen's Bench in Alberta, see the Corporation's press releases dated May 30, 2018 and May 7, 2019.

(6) The information as to the director nominees' common shares and deferred share units and performance share units, is as of March 17, 2020. For more detailed information relating to the DSUs held by the directors, see "Executive Compensation – Directors' Compensation", and in respect of the DSUs and PSUs held by Messrs. Mathison and Link, see "Executive Compensation – Summary Compensation Table" and "Executive Compensation – Incentive Plan Awards".

(7) Under the provisions of the Corporation's Director Share Ownership Policy, directors have three years from their initial election date to acquire common shares of the Corporation worth $200,000. Once such threshold is met, further purchases are not required if the value of the shares declines solely as a result of a decrease in the trading price of the Corporation's common shares, but if the value of a director's holdings decreases for any other reason, such director is required to make an additional investment to the extent required to increase the value of his or her investment to at least $200,000 within 90 days of the event that caused the decline in the value of the investment. The Corporation also has a Chief Executive Officer Share Ownership Policy which is on terms identical to the Director Share Ownership Policy, but the minimum investment amount is $1,500,000. However, the Corporation does not currently have a Chief Executive Officer and the roles of such position are now split between the Executive Chairman and the President and Chief Operating Officer.

(8) Includes 21,802,143 common shares held by MATCO Investments Ltd. and 3,258,878 common shares held by 1097594 Alberta Ltd., both entities controlled by Mr. Mathison.

Cease Trade Orders or Bankruptcies

To the knowledge of the Corporation, none of the proposed directors of the Corporation is, as at the date of this Circular, or has been, within ten years before the date of this Circular, a director, chief executive officer or chief financial officer of any company that:

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

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

To the knowledge of the Corporation, other than as described below, none of the proposed directors of the Corporation:

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

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

Mr. Mathison indirectly holds a controlling interest in Riverside Quays Limited Partnership ("RQLP"), a private Alberta limited partnership involved in the construction and sale of a 700-unit condominium project in Calgary, Alberta. Mr. Mathison was also a director of Statesman Riverside Quays Ltd. ("SRQL"), the former general partner of RQLP. SRQL, without Mr. Mathison's authorization or approval, caused RQLP to default on its loan obligations to its lender and, on December 15, 2010, the lender obtained a court order appointing a receiver of SRQL and RQLP. Mr. Mathison subsequently arranged for the full payout of the loan to RQLP's lender and for the appointment of a new general partner of RQLP. The receiver of SRQL and RQLP has been discharged.

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

Penalties or Sanctions

To the knowledge of the Corporation, no proposed director of the Corporation (nor any personal holding company of any of such persons) has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Appointment of Auditor

Shareholders will be asked at the Meeting to pass a resolution reappointing PricewaterhouseCoopers LLP as the auditor of the Corporation to hold office until the close of the next annual meeting of shareholders.

In the absence of contrary instructions, the persons named in the accompanying form of proxy intend to vote the common shares represented thereby in favour of an ordinary resolution to appoint the firm

of PricewaterhouseCoopers LLP, to serve as auditors of the Corporation until the next annual meeting of the shareholders and to authorize the directors to fix their remuneration as such.

Approval of Unallocated Options under the Stock Option Plan

The maximum number of common shares issuable under the Corporation's stock option plan (the "Option Plan") and all other share compensation plans of the Corporation (including the performance share unit plan of the Corporation) is 10% of the issued and outstanding common shares from time to time. Under the rules of the Toronto Stock Exchange (the "TSX"), the Corporation is required to seek shareholder approval of all unallocated options under the Option Plan every three years after institution. The unallocated options under the Option Plan were last approved by shareholders on May 9, 2017. Therefore, the Corporation is required to seek shareholder approval of all unallocated options under the Option Plan at the Meeting. Under the current rules of the TSX, shareholder approval of the unallocated options under the Option Plan as provided for below will remain valid for three years following the date of the Meeting. As the resolution proposed only seeks approval for unallocated options, in the event the resolution is not passed, options currently outstanding under the Option Plan will remain unaffected; however, all unallocated options will be cancelled and any previously granted options that are cancelled from time to time thereafter will not be available for re-grant. For a description of the material provisions of the Option Plan, see "Executive Compensation – Stock Option Plan".

To be approved, the resolution approving the unallocated options under the Option Plan requires the approval of a majority of the votes cast by shareholders present in person or by proxy at the Meeting. At the Meeting, the shareholders will therefore be asked to consider and, if thought advisable, to pass the following ordinary resolution:

BE IT RESOLVED THAT:

1. the unallocated options under the stock option plan of the Corporation be and are hereby approved;

2. the Corporation have the ability to continue granting options under its stock option plan until May 5, 2023, which is the date that is three (3) years from the date of the shareholder meeting at which shareholder approval is being sought; and

3. any one director or officer of the Corporation is authorized, on behalf of the Corporation, to execute and deliver all documents and do all things as such person may determine to be necessary or advisable to give effect to this resolution.

Approval of Unallocated Equity-Based Awards under the Performance Share Unit Plan

As described above, the maximum number of common shares issuable under the performance share unit plan (the "PSU Plan") and all other share compensation arrangements (including the Option Plan) of the Corporation at any time shall not exceed 10% of the total number of issued and outstanding common shares at that time. Under the rules of the TSX, the Corporation is required to seek shareholder approval of the unallocated equity-based awards under the PSU Plan ("Equity PSUs") every three years after institution. The PSU Plan was approved by shareholders on May 9, 2017; therefore, the Corporation is required to seek shareholder approval of the unallocated Equity PSUs under the PSU Plan at the Meeting. Under the current rules of the TSX, shareholder approval to continue granting Equity PSUs under the PSU Plan as provided for below will remain valid for three years following the date of the Meeting. As the resolution proposed only seeks approval for unallocated Equity PSUs, in the event the resolution is not passed, Equity PSUs currently outstanding under the PSU Plan will remain unaffected; however, all unallocated Equity PSUs will be cancelled and any previously granted Equity PSUs that are cancelled from time to time thereafter will not be available for re-grant. For a description of the material provisions of the PSU Plan, see "Executive Compensation – Performance Share Unit Plan".

To be approved, the resolution approving the unallocated Equity PSUs under the PSU Plan requires the approval of a majority of the votes cast by shareholders present in person or by proxy at the Meeting. At the

Meeting, the shareholders will therefore be asked to consider and, if thought advisable, to pass the following ordinary resolution:

BE IT RESOLVED THAT:

1. the unallocated equity-based awards under the performance share unit plan of the Corporation be and are hereby approved;

2. the Corporation shall have the ability to continue granting equity-based awards under its performance share unit plan until May 5, 2023, which is the date that is three (3) years from the date of the shareholder meeting at which shareholder approval is being sought; and

3. any one director or officer of the Corporation is authorized, on behalf of the Corporation, to execute and deliver all documents and do all things as such person may determine to be necessary or advisable to give effect to this resolution.

In the absence of contrary instructions, the persons named in the accompanying form of proxy intend to vote the common shares represented thereby in favour of all matters of business set forth above.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Form of Compensation Disclosure

The Compensation Committee is responsible for approving the goals and objectives of the Corporation's Executive Chairman and President and Chief Operating Officer and evaluating performance against such goals and objectives, reviewing and recommending to the board of directors the remuneration of the Corporation's executive officers, and approving the remuneration of all employees on an aggregate basis. The following discussion of the Corporation's executive compensation is intended to provide a clear understanding of the Corporation's philosophy, objectives and practices.

Compensation Philosophy and Strategy

The Corporation's executive compensation strategy is designed to provide a clear alignment between compensation and the Corporation's business strategy. The objective of the executive compensation program is to attract, retain and motivate top executive talent to achieve the Corporation's short and long-term business goals and to create a direct link between pay and performance. The Corporation's executive compensation elements leverage market-competitive total compensation to drive profitable growth and long-term shareholder value, consistent with the Corporation's values.

In meeting this philosophy, the following principles provide a framework for the executive compensation program:

- total target compensation for executives should be market competitive relative to the Corporation's compensation comparator group;

- compensation should be linked to both qualitative and behavioral expectations, and key operational and strategic metrics;

- the total compensation mix is designed to reflect competitive market requirements and strategic business needs;

- a significant portion of each executive's compensation should be at risk to ensure alignment with the Corporation's values and strategy. The degree of at risk compensation will positively correlate to the level of the executive's responsibility; and

- the interests of executives are linked with shareholders through share ownership.

In 2013, the board of directors approved the adoption of a Total Compensation Program that applies to all staff level positions of the Corporation, including the Corporation's executives. This program clearly defines the roles and responsibilities and the policies and procedures related to the Corporation's compensation programs to ensure that such programs are applied on a consistent basis and in a manner that is reflective of the principles established therein. The Total Compensation Program is reviewed at least annually by the Compensation Committee and is amended, if necessary, to reflect any changes in the Corporation's compensation program. Although there were a number of administrative changes to the long-term incentive plans commencing with the 2018 awards, there have been no material amendments to the Total Compensation Program since adoption in 2013.

Compensation Governance

The Compensation Committee consists of four members – Lorne A. Gartner, Gregory S. Fletcher, James S. Blair and Kevin R. Baker. Each member of the Compensation Committee is independent. The board of directors recognizes the importance of appointing knowledgeable and experienced individuals to the Compensation Committee who have the required background in executive compensation to fulfill the Compensation Committee's obligations. In addition to their experience as members of the Compensation Committee of the Corporation, all of such members have significant experience in dealing with executive compensation matters as directors and/or senior leaders of other energy-related public companies and all of such members currently serve, or have served, on the compensation committee of the board of directors of other energy-related public companies.

Succession Planning

One of the most critical responsibilities of the board of directors is to ensure that the Corporation has the right management team in place to develop and execute its business strategy and that an appropriate management succession plan is developed and maintained to ensure management and operational continuity. The Corporation's compensation practices are therefore focused on hiring and retaining executives who have an innate drive to achieve their best and, in so doing, create long-term shareholder value. Succession planning for the President and all other officers is formally reviewed by the Corporate Governance and Nominating Committee and the board of directors on an ongoing basis and an updated report on succession planning is typically provided by management for the board's consideration at Corporate Governance and Nominating Committee meetings. Each succession report includes an identification and skills assessment of candidates, with specific reference to anticipated timelines associated with any potential development or transition and where external candidates may be required. The objectives of the succession planning process are as follows:

(i) to ensure that management is focused on developing an appropriate flow of qualified candidates for key management and technical positions within the Corporation;

(ii) to identify gaps between current position requirements and the capabilities and requisite skills of succession candidates;

(iii) to focus management on leadership development and the need for business continuity planning; and

(iv) to foster a comprehensive and planned approach to the assessment and development of leadership talent against established goals and Corporation values.

Compensation Approval Process

Compensation for the Executive Chairman and the President and Chief Operating Officer is the responsibility of the Compensation Committee, which reviews such compensation and makes recommendations to the board of directors for review and approval. The performance and contribution of the Executive Chairman and the President and Chief Operating Officer is reviewed annually taking into consideration the individual's performance against established objectives, management of the organization and its human resources, interaction and communication with the board of directors, attainment of financial results and the general financial and operational management of the organization.

The Compensation Committee also recommends to the board of directors the compensation for the Corporation's officers following receipt of the President's annual performance reviews and compensation recommendations. In making his recommendations to the Compensation Committee, the President, with the support of the Vice President, Human Resources, reviews an analysis of the compensation levels for the officers of the Corporation against the compensation comparator groups and considers the performance of each of these officers relative to their individual objectives. The Compensation Committee has the authority to engage the services of an independent compensation consultant to provide external analysis and recommendations as required. The Compensation Committee reviews the recommendations of the President and then provides recommendations to the board of directors for approval. The board of directors ultimately has authority for all compensation matters, including the approval of base salary changes, short-term incentive awards and long-term incentive awards for each of the Corporation's officers.

Market Comparators

Target total compensation, which includes all six elements of total compensation listed in the table appearing under the heading "Compensation Elements" below, is benchmarked against a comparator group that includes selected companies that provide services to the oil and natural gas industry. These companies are selected to ensure similarity of scope, size and complexity, and represent the market within which the Corporation competes for leadership talent. Companies included in the comparator group generally have attributes similar to the Corporation as follows: (i) North American-based; (ii) widely held; (iii) operating within the oil and natural gas services industry; and (iv) having an international scope of operations. The comparator group currently includes the following companies:

Trican Well Service Ltd.	Ensign Energy Services Inc.
Precision Drilling Corporation	Patterson-UTI Energy Inc.
RPC Inc.	Tetra Technologies Inc.
Superior Energy Services Inc.	Propetro Holdings Corp.
NexTier Oilfield Solutions Inc.	Liberty Oilfield Services Inc.
STEP Energy Services Ltd.	

In addition, the Compensation Committee periodically reviews data for each of the officer positions against a broader set of comparator companies to ensure that the compensation targets for each of the officer positions continues to be market competitive and aligned with the Corporation's business strategy. This broader comparator group generally includes companies in the energy industry with comparable annual revenue and/or enterprise value.

Independent Compensation Consultant

Mercer (Canada) Limited and its affiliates ("Mercer") has assisted the Corporation with respect to compensation matters since 2007. In 2019, Mercer was engaged by the Corporation to assist in matters related to the use of the Black-Scholes option valuation model and the determination of relative share price performance against the comparator group for the determination of long term incentive awards.

For the financial years ended December 31, 2018 and 2019, the Corporation paid the following consulting fees to Mercer:

Fees	2019	2018
Executive Compensation Related Fees(1)	$1,000	$4,578
All Other Fees(2)	$33,033	$22,497

Notes:

(1) Includes fees for services related to determining compensation for the Corporation's directors and officers. In 2019, the fees related to the use of the Black-Scholes option valuation model and the calculation of total shareholder return for use in connection with the Corporation's long-term incentive plan grants. In 2018, a portion of the fees related to the review of certain executive employment agreements and a portion of the fees related the use of the Black-Scholes option valuation model.

(2) Includes fees for consulting services related to non-executive compensation matters and fees for the Corporation's participation in the annual market surveys carried out by Mercer in Canada, the United States and Argentina.

In accordance with its charter, the Compensation Committee is required to pre-approve any services to be provided at the request of management by a compensation consultant related to executive or board compensation matters.

Compensation Elements

Executive compensation is built on the principle of total rewards which takes into account base salary, short and long-term incentives, perquisites, health and dental benefits, retirement plans and paid time off. Each component is intended to align with the Corporation's compensation philosophy and objectives.

Element	Component	Type	Performance Period	Form
Base Salary	Fixed	Annual	One year	Cash
Short-Term Incentives	Variable	Annual	One year	Cash
Long-Term Incentives	Variable	Long-Term	Up to 5 years	PSUs, Stock Options
Rewards & Recognition	Variable	Short-Term	Less than 1 year	Cash
Benefits	Fixed	Annual	N/A	Perquisites, Life, Health, Dental, Disability
Retirement Plan (Group RRSP/401K)	Fixed	Annual	N/A	Capital Accumulation Plan

Base Salary

Base salary provides guaranteed cash income that is reflective of the competitive market place and is representative of one year of performance. To establish the appropriate pay level for each position, the Corporation uses third party survey data to establish an appropriate benchmark for pay level based on the scope, complexity and responsibility of each role. By benchmarking to a survey peer group, the Corporation ensures that its salary levels align to similar positions within the market place. Base salary compensation is also dependent on other factors such as the executive's previous experience and performance.

Comparator market analysis and individual performance assessments occur annually and any increase to base salary occurs effective January 1st of each year to remain competitive. Throughout the year, base salary increases may occur as a result of a promotion or a significant change in role and responsibilities. The annual salary review and performance assessment are key to ensuring the Corporation remains competitive and meets its business objectives.

Effective April 1, 2015, annual base salaries for executives were reduced by 10% in light of the challenging market conditions at that time. Effective July 1, 2017, 50% of the annual base salary reductions were reinstated and effective January 20, 2018, the remaining 50% of such reductions were reinstated. Due to ongoing cost reduction efforts, there have not been any significant changes to executive base salaries since the reinstatement of such salary reductions.

Short-Term Incentive Plan

The Corporation's Short-Term Incentive Plan ("STIP") is designed to reward officers and other eligible employees for performance against goals and objectives established at the beginning of the performance period. Performance measures are established at the corporate level for all officers and other eligible employees and such measures are reviewed and approved by the board of directors.

For 2019, the financial performance measures utilized for the purposes of the STIP was consolidated operating income ("OI"), which accounted for 80% of the aggregate award entitlement under the STIP.

The use of OI as a financial performance measure provides direct alignment with the interests of shareholders by providing a tangible financial target that, absent exceptional circumstances, must be met in order for employees and officers to realize any economic value under the STIP. The use of OI also provides visibility for employees of the direct link between cost management initiatives at all levels of the Corporation and overall profitability, and it also drives cost-effective behavior and innovation, which results in more efficient operations.

The minimum consolidated OI threshold is determined on an annual basis taking into account planned fixed costs such as interest expense, dividends, minimum STIP payout, maintenance capital expenditures and the cash portion of stock-based compensation expenses. The use of a minimum consolidated OI threshold supports the philosophy that the Corporation must generate a minimum level of OI to meet its basic operating needs before there is a payout under the STIP. If the minimum consolidated OI threshold is achieved, a payout under the STIP will occur based on actual OI and TRIF results on the basis discussed below. For the purposes of the STIP, OI is calculated (on a consolidated and divisional basis) as net income (loss) before depreciation, foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, expenses and gains related to business combinations, impairment of property, plant and equipment, impairment of inventory, impairment of goodwill, interest and income taxes.

In addition to using OI as a financial performance measure, the Corporation also uses Total Recordable Injury Frequency ("TRIF") as a health and safety performance measure. This performance measure accounts for 20% of the aggregate award entitlement under the STIP. The use of TRIF reinforces the Corporation's commitment to protect the health and safety of its employees, contractors, clients and other third party personnel in the communities in which the Corporation operates. The use of TRIF also helps make health and safety management a core part of the culture of the organization.

TRIF is a lagging indicator that determines the injury rate based on the number of recordable injuries and the total number of hours worked in a year. The foundation of the formula for calculating TRIF is defined by the Occupational Health & Safety Administration, a federal agency of the United States that regulates workplace safety and health. TRIF is calculated by multiplying the number of recordable injuries and illnesses incurred during the year by 200,000 and dividing that product by the total number of hours that were actually worked by employees. The "200,000" used in this calculation is the equivalent number of hours for 100 employees working 40 hours per week for 50 weeks. The overall annual TRIF which is determined at December 31st of the relevant year is based on the total number of recordable injuries and illnesses for all divisions and the total hours worked for all divisions for the year.

If an employee reports into an operating division, 80% of the STIP payout for such employee is related in equal proportions to divisional OI and consolidated OI performance. For all other employees, 80% of the STIP payout is related to consolidated OI performance. In addition, for all corporate employees and divisional employees, the 20% portion of the STIP related to TRIF is linked to consolidated TRIF performance.

For 2019, the board of directors determined that a minimum consolidated OI of $265.8 million was required before any amounts under the STIP were payable. For 2019: at the minimum consolidated OI threshold, the STIP payout amount was equal to 25%; at the target level of consolidated OI, the STIP payout amount was equal to 100%; and at the maximum consolidated OI target, the STIP payout amount was equal to 150%. The STIP payout amount increases proportionately from the minimum consolidated OI threshold to the maximum consolidated OI target.

In 2019, a minimum TRIF threshold of 2.0 was required before any portion of the remaining 20% of the STIP amount was payable. The STIP payout amount related to TRIF increases proportionally until the maximum TRIF target of 1.0 is achieved. At a TRIF of 2.0, the STIP payout amount related to TRIF is equal to 20% and at a TRIF of 1.0, the STIP payout amount related to TRIF is equal to 150%. Given the fact that health and safety performance is a core value of the Corporation, the ultimate TRIF goal, which is communicated to the Corporation's employees, third-party service providers and clients, is "Goal Zero".

The calculations referred to above based on consolidated OI and TRIF performance will result in a business factor ("BF") that will range from 0-150%. The BF acts as a multiplier in the calculation of the STIP payouts. Individual performance also acts as a multiplier in the calculation of the STIP payouts. Based on an employee's individual performance relative to his or her objectives, which is evaluated annually, he or she will receive an individual performance factor ("IPF") in the range of 0-120%. Finally, each employee has an incentive target which is the payout, expressed as a percentage of the employee's base salary, which the employee would receive under the STIP if both the BF and the individual's IPF were equal to 100%. An individual's STIP award, therefore, is equal to the BF multiplied by (a) the individual's IPF, (b) the individual's incentive target and (c) the individual's salary for the relevant year.

The table below provides a summary of the participation eligibility for officers within the organization:

Participant	**Incentive Target**	**Payout Range**	**OI Performance**	**Safety Performance (TRIF)**	**Divisional Performance**	**Corporate Performance**	**Individual Performance**
President & COO, CFO	100%	0 – 180%	Yes	Yes	N/A	Yes	Yes
Corporate Executives	100%	0 – 180%	Yes	Yes	N/A	Yes	Yes
Divisional Executives	100%	0 – 180%	Yes	Yes	Yes	Yes	Yes

The financial results of companies in the oil and gas services sector are very closely linked to commodity prices, which are volatile and cyclical. The Corporation believes that the annual cash STIP should represent a significant portion of the total compensation for eligible employees to ensure that STIP awards are being paid out only in periods where the Corporation's financial performance warrants and supports such awards and, absent exceptional circumstances, pre-established performance thresholds have been met or exceeded. The volatility of the commodity price cycle may result in higher payments in strong economic years and substantially lower or no payments in weaker economic years.

2019 STIP Results

For the 2019 plan year, the Corporation's consolidated OI was $152.7 million and its consolidated TRIF was 0.98. Accordingly, the minimum consolidated OI threshold was not achieved and no STIP payments were payable under the terms and conditions of the STIP. However, the consolidated TRIF of 0.98 for 2019 was below the minimum target level of 2.0, the target performance level of 1.6 and the maximum target level of 1.0. Such target levels were established by the board of directors upon recommendation of management at the beginning of 2019. Therefore, upon review of the exceptional health and safety performance of the Corporation, the board of directors decided to apply its discretion under the terms of the STIP and approve an aggregate STIP payment of 20% of the target payout amount for the 2019 plan year to a select group of employees of the Corporation to recognize the significant effort expended by such employees in achieving the exceptional health and safety performance.

Long-Term Incentives

The Corporation's long-term incentive plans are designed to:

(i) align the interests of eligible employees with those of shareholders;

(ii) focus efforts on increasing shareholder value and the Corporation's long-term financial strength;

(iii) reward and incent high levels of performance; and

(iv) provide a retention incentive to eligible employees.

The Corporation currently uses two long-term incentive plans as part of its Total Compensation Program: the Option Plan, which is a conventional stock option plan that provides a focus on long-term share price growth; and the PSU Plan, which provides a long-term focus related to defined performance criteria. Prior to 2018, the Corporation also used a restricted share unit plan ("RSU Plan"), which provided a long-term focus related to share price growth.

In late-2017, after completing a review of the Corporation's long-term incentive plans, the Compensation Committee decided to make several changes to the awards under such plans beginning with the 2018 awards. The first change was to cease granting restricted share units ("RSUs") in favour of PSUs. Historically, it had been the board of directors' practice to limit PSU grants to the Chief Executive Officer, the vesting of which was dependent upon the performance of the recipient and settled exclusively in cash (the "CEO PSUs"). The second change was the reduction in the number of employees who are eligible for awards under the long-term incentive plans. During previous years, the group of employees eligible for such awards had grown significantly in response to tight labour market conditions, but recent industry changes have resulted in a shift away from the use of long-term incentives at lower levels of an organization. The final change was the decision to award a percentage of PSUs as Equity PSUs. The vesting of Equity PSUs is not subject to any performance conditions and, upon their vesting, such units will be settled in common shares issued from treasury rather than in cash. Such change allows the Corporation to reward employees in cyclical periods where sufficient funds are not available to settle vested units in cash. The remainder of the PSUs are awarded as cash-based PSUs ("Cash PSUs") that are subject to a consolidated OI performance condition at the applicable date of vesting and are settled in cash or in common shares acquired on the open market if the performance condition is met. In summary, management and the board of directors believe these changes will increase the focus of the long-term incentive plans on key employees and provide a more meaningful incentive for eligible employees.

The Corporation's annual option and PSU grants are predicated on the recommendations of the Corporation's various Divisional or Departmental leaders using a classification system which outlines appropriate option and PSU ranges for participants within the organization based on position level, responsibilities, experience and training. These recommendations are then vetted by the Corporation's President, with the support of the Vice President, Human Resources, and an aggregate award of options and PSUs is recommended to the Compensation Committee for approval. On the recommendation of the Compensation Committee, the Corporation's board of directors approves an aggregate number of options and PSUs to be awarded to eligible participants under the Option Plan and PSU Plan, respectively. The authorized option and PSU pools are then allocated in accordance with management's recommendations, as modified throughout the various stages of review. Previous option and PSU grants, as well as the dilutive and financial impact on shareholders of the Corporation, are taken into account by management and the Compensation Committee when considering new grants. Grants of options are generally provided annually on or about January 1st with a five year term. Historically, options vested over a four year period, commencing on the first anniversary of the date of grant, but in late-2017, the board of directors approved a recommendation by management to reduce the vesting period from four years to three years commencing with the options granted in 2018. PSUs are typically granted in early-March and one-third of the PSUs vest on January 1st of each of the first, second and third calendar years following the year of grant.

Options and PSUs may also be granted outside of the annual grant program in recognition of a promotion or a significant change in duties and responsibilities. As with other programs, the eligibility for options and PSUs is dependent on employee performance and potential long-term contribution to and impact on the organization.

Recognition Programs

The Corporation has an employee recognition program that selectively recognizes and rewards employees within the organization who have contributed to the Corporation's success. The program consists of a multi-level recognition program, ranging from non-monetary peer-to-peer recognition to spot awards of up to $5,000. The Corporation also has a President's award program which is designed to reward employees for outstanding achievements resulting in significant cost savings or contributions to the Corporation's financial and operational performance. In 2019, an aggregate of $145,559 was awarded under the President's award program.

Perquisites and Benefits

The Corporation provides officers with perquisites, including vehicle allowances and parking. Relevant club memberships are provided to select executives to assist in the performance of their duties and responsibilities. The Corporation has also established a retirement savings plan (RRSP or 401K) for its Canadian and U.S. employees which provides a matching contribution for participating employees equal to 6% of the individual's base salary up to specific maximums, subject to an over-riding discretion to temporarily cease matching contributions in response to weakened industry conditions. All of the Corporation's Canadian and U.S. employees are entitled to participate in the applicable retirement savings plan.

In June 2015, matching contributions under retirement savings plans were suspended in light of the challenging market conditions at that time. Effective July 1, 2017, the Corporation reinstated a portion of the matching contributions and effective February 2, 2018, the Corporation reinstated the remainder of the matching contributions.

The Corporation provides an employee benefits plan, including extended health coverage, life insurance, short and long-term disability insurance, and dental coverage, to eligible employees. Such plan is benchmarked against other benefit plans in the industry on a market-by-market basis to ensure its competitiveness.

Risks Associated with Compensation Policies

The Compensation Committee is responsible, on an annual basis, for reviewing and recommending for approval the Corporation's compensation policies and practices, as well as its corporate goals and objectives relevant to compensation. As part of this annual review, the Compensation Committee considers the risks associated with the Corporation's compensation policies and practices to ensure that the Corporation's approach to risk management is accurately reflected in its overall approach to compensation. As a result, the compensation policies and practices of the Corporation support an appropriate balance between risk and reward.

In its analysis of the risks associated with the Corporation's compensation policies, the Compensation Committee is mindful of any practices that may motivate behaviors among decision makers that individually or collectively may have a negative impact on the Corporation. The Corporation's Total Compensation Program is designed to reward short-term performance against stated objectives and long-term value creation. The most significant components of the Corporation's compensation framework include base salary, a form of compensation that is not "at risk", and STIP awards and equity incentive awards, such as stock options and PSUs, which are considered to be "at risk". This mix is designed to encourage officers to take measured risks that may have a positive impact on the Corporation's performance while simultaneously providing adequate compensation to officers to discourage them from taking excessive or inappropriate risks. In addition, it is important to note that STIP awards, which is a significant component of short-term compensation, and Cash PSUs and RSUs, which are a significant component of long-term compensation, are all linked to consolidated OI, which is predicated on achieving financial performance that is identifiably aligned with shareholder value as opposed to performance criteria that lack any tangible link to the Corporation's financial and operational performance. Awards under the STIP and the Cash PSUs under the PSU Plan are not typically payable in the event that the Corporation does not meet the minimum consolidated OI threshold approved by the board of directors which, for 2019, was $265.8 million. The aggregate payout amount under the STIP is capped at a maximum amount, which for 2019 was 150% of the target payout amount.

On an annual basis, the Compensation Committee reviews the Corporation's compensation practices with a view to mitigate unsafe risk taking activities and makes any necessary adjustments to maintain an appropriate balance between "at risk" and "not at risk" compensation. In addition, the Compensation Committee and the board of directors monitor management's recommendations for the deployment of capital and the Corporation's scope of operations on a regular basis.

Clawback Policy

The board of directors has adopted a Clawback Policy concerning stock options, PSUs, RSUs or other equity or equity-based awards made under the Corporation's long-term incentive plans ("Incentive-Based Compensation"). The policy permits the board of directors, in instances where it determines it is in the Corporation's best interests to do so, to require reimbursement of all or a portion of Incentive-Based Compensation paid or granted to a current or former executive where such individual engaged in fraud or willful misconduct that: (a) caused or partially caused the need for an accounting restatement of all or a portion of the Corporation's financial statements; and (b) resulted in a higher amount of Incentive-Based Compensation being paid or granted to the executive than what would have been paid or granted had the financial statements materially complied with applicable securities laws.

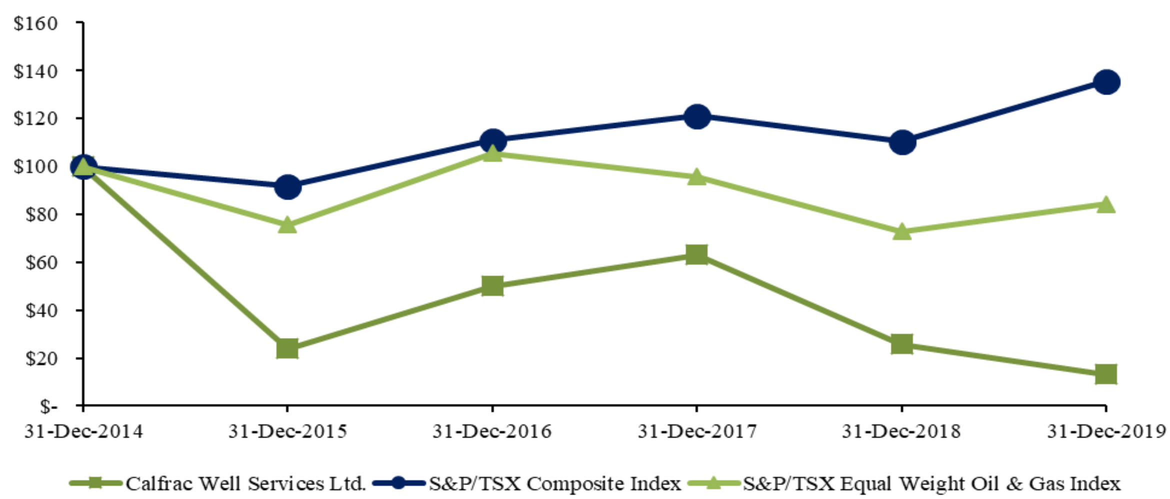
Prohibited Securities Transactions

Directors and executive officers of the Corporation are prohibited from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by an executive officer or a director.

Performance Graph

The graph below compares the cumulative return on the common shares of the Corporation with the cumulative return of: (1) the S&P/TSX Composite Total Return Index; and (2) the S&P/TSX Composite Equal Weight Oil & Gas Index, for the period commencing December 31, 2014 and ending December 31, 2019.

TOTAL RETURN ON $100 INVESTMENT
FROM DECEMBER 31, 2014 TO DECEMBER 31, 2019



		December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
●	S&P/TSX Composite Total Return Index	$100.00	91.68	111.01	121.11	110.34	135.59
Δ	S&P/TSX Equal Weight Oil & Gas Index	$100.00	75.76	105.45	95.66	72.94	84.33
■	Calfrac Well Services Ltd.	$100.00	23.81	50.12	62.96	25.69	13.16

Narrative Discussion

The Corporation's STIP is based primarily upon consolidated OI, as described above under the heading "Short-Term Incentive Plan" above. The objective of this association is to ensure that, absent exceptional circumstances, employees are rewarded with incentive compensation only when the financial performance of the Corporation warrants such remuneration. The relationship between the financial performance of the Corporation and the trading price for its common shares creates a structural correlation between compensation and share price. However, financial performance is not the only factor which influences the market price of the Corporation's common shares.

Summary Compensation Table

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation, or a subsidiary of the Corporation, in Canadian dollars, to the individuals that acted as the Corporation's Chief Executive Officer, the Corporation's Chief Financial Officer and the next three most highly compensated executive officers during 2019 (collectively, the "Named Executive Officers").

Name and principal position	Year	Salary ($)	Share-based awards ($)	Option-based awards ($)[1]	Non-equity incentive plan compensation ($)		All other compensation ($)[2]	Total compensation ($)
					Annual incentive plans[15]	Long-term incentive plans		
Ronald P. Mathison[3]	2019	459,462[4]	142,000[5]	741,378	-	-	-	1,342,840
Executive Chairman	2018	427,500[6]	252,000[7]	100,000	-	-	-	779,500
	2017	130,700[6]	178,800[8]	-	-	-	-	309,500
Fernando Aguilar[9]	2019	253,846	384,930[10]	346,747	-	-	2,494,419[11]	3,479,942
(Former) President and	2018	547,885	429,440[12]	537,081	665,500	-	12,311[13]	2,192,217
Chief Executive Officer	2017	508,221	554,280[14]	2,041,848	412,500	-	2,803[13]	3,519,652
Lindsay R. Link[16][17]	2019	551,181	203,456[18]	214,357	-	-	11,487[13]	980,481
President and Chief	2018	484.313	268,400[19]	228,006	609,023	-	180,137[20]	1,769,879
Operating Officer	2017	444,699	356,400[21]	537,329	433,350	-	3,789[13]	1,775,567
Michael D. Olinek[22]	2019	351,338	92,531[23]	89,323	-		15,620[13]	548,812
Chief Financial Officer	2018	337,000	134,200[24]	139,337	408,980	-	12,980[13]	1,032,497
	2017	305,350	198,000[25]	283,143	278,850	-	35,025[26]	1,100,368
Fred L. Toney[27]	2019	411,445	92,531[28]	93,865	-	-	19,021[13]	616,862
President, United States	2018	400,365	134,200[29]	152,004	520,103	-	68,327[30]	1,274,999
Division	2017	370,836	178,200[31]	236,425	358,236	-	57,453[32]	1,201,150
J. Michael Brown[33]	2019	384,900	74,025[34]	57,763	-	-	21,675[13]	538,363
Vice President, Technical	2018	375,921	134,200[35]	101,336	406,754	-	136,497[36]	1,154,708
Services	2017	376,098	158,400[37]	236,425	279,270	-	3,369[13]	1,053,562

Notes:

(1) The grant date fair values of stock options are theoretical expected values calculated at the date of grant in accordance with the Black-Scholes option pricing model, which is consistent with the accounting treatment afforded to options in the Corporation's financial statements, and is considered by the board of directors to be a reasonable estimate of fair market value. The realized values are determined when the incentives are paid to the executive officers. Note that the amounts listed for 2019 reflect the grant date fair values of both the 2019 annual option grant, which took place on January 1, 2019, and the 2020 annual option grant, which took place on December 31, 2019.

(2) Where no amount specifically attributable to perquisites is stated in this column, the Named Executive Officer did not receive perquisites and other personal benefits not generally available to all employees that exceeded the lesser of $50,000 and 10% of his or her total annual salary.

(3) Mr. Mathison was appointed as the Corporation's Executive Chairman effective June 10, 2019.

(4) $208,500 represents fees earned for acting as a director of the Corporation and $250,962 represents base salary earned in relation to Mr. Mathison's position as Executive Chairman.

(5) The grant date fair value of the DSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of DSUs held by Mr. Mathison by the closing price of the Corporation's common shares on the grant date of such DSUs, being February 27, 2019 ($3.55).

(6) Fees earned for acting as a director of the Corporation.

(7) The grant date fair value of the DSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of DSUs held by Mr. Mathison by the closing price of the Corporation's common shares on the grant date of such DSUs, being February 28, 2018 ($6.30). The realized value is determined when the incentive is paid to Mr. Aguilar.

(8) The grant date fair value of the DSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of DSUs held by Mr. Mathison by the closing price of the Corporation's common shares on the grant date of such DSUs, being February 22, 2017 ($4.47). The realized value is determined when the incentive is paid to Mr. Aguilar.

(9) Mr. Aguilar retired from the Corporation effective June 7, 2019.

(10) The grant date fair value of the PSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of PSUs held by Mr. Aguilar by the closing price of the Corporation's common shares on the grant date of such PSUs, being March 11, 2019 ($3.29).

(11) Attributable to: (a) a payment of $2,284,114 for entitlements in relation to Mr. Aguilar's retirement; (b) a payment of $157,067 in relation to Mr. Aguilar's vacation pay; (c) perquisites, including $11,000 for Mr. Aguilar's vehicle allowance and $12,431 for Mr. Aguilar's executive health and dental benefits; and (d) the Corporation's retirement savings plan contributions on behalf of Mr. Aguilar.

(12) The grant date fair value of the PSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of PSUs held by Mr. Aguilar by the closing price of the Corporation's common shares on the grant date of such PSUs, being March 12, 2018 ($6.71). The realized value is determined when the incentive is paid to Mr. Aguilar.

(13) Represents the Corporation's retirement savings plan contributions on behalf of the Named Executive Officer, which benefit is made available to all eligible employees of the Corporation.

(14) The grant date fair value of the CEO PSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of CEO PSUs held by Mr. Aguilar by the closing price of the Corporation's common shares on the grant date of such CEO PSUs, being February 22, 2017 ($4.47). The realized value is determined when the incentive is paid to Mr. Aguilar.

(15) Amounts earned under the STIP for services performed during the year.

(16) Effective February 4, 2017, Mr. Link was relocated to the United States to provide more direct oversight to the Corporation's U.S. Division and has been paid in U.S. dollars since such date. Mr. Link's salary since February 4, 2017 has been converted into Canadian dollars at the average monthly Bank of Canada exchange rate for each applicable month and the amounts that Mr. Link earned under the STIP have been converted into Canadian dollars at the Bank of Canada noon exchange rate on the applicable dates of payment.

(17) Mr. Link was appointed as the Corporation's President and Chief Operating Officer effective June 10, 2019.

(18) The grant date fair value of 50,625 of the PSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of PSUs held by Mr. Link by the closing price of the Corporation's common shares on the grant date of such PSUs, being March 11, 2019 ($3.29). The grant date fair value of 30,000 of the PSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of PSUs held by Mr. Link by the closing price of the Corporation's common shares on the grant date of such PSUs, being November 11, 2019 ($1.23).

(19) The grant date fair value of the PSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of PSUs held by Mr. Link by the closing price of the Corporation's common shares on the grant date of such PSUs, being March 12, 2018 ($6.71). The realized value is determined when the incentive is paid to Mr. Link.

(20) Attributable to: (a) perquisites, including a payment of US$108,415 for relocation expenses in conjunction with Mr. Link's relocation to Houston, Texas at the Corporation's request, which payment has been converted into Canadian dollars at the Bank of Canada noon exchange rate in effect on the dates of payment; and (b) the Corporation's retirement savings plan contributions on behalf of Mr. Link.

(21) The grant date fair value of the RSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of RSUs held by Mr. Link by the closing price of the Corporation's common shares on the grant date of such RSUs, being March 6, 2017 ($3.96). The realized value is determined when the incentive is paid to Mr. Link.

(22) Mr. Olinek was appointed as the Corporation's Chief Financial Officer effective February 23, 2017.

(23) The grant date fair value of the PSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of PSUs held by Mr. Olinek by the closing price of the Corporation's common shares on the grant date of such PSUs, being March 11, 2019 ($3.29). The realized value is determined when the incentive is paid to Mr. Olinek.

(24) The grant date fair value of the PSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of PSUs held by Mr. Olinek by the closing price of the Corporation's common shares on the grant date of such PSUs, being March 12, 2018 ($6.71). The realized value is determined when the incentive is paid to Mr. Olinek.

(25) The grant date fair value of the RSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of RSUs held by Mr. Olinek by the closing price of the Corporation's common shares on the grant date of such RSUs, being March 6, 2017 ($3.96). The realized value is determined when the incentive is paid to Mr. Olinek.

(26) Attributable to: (a) perquisites, including $19,200 for Mr. Olinek's vehicle allowance; and (b) the Corporation's retirement savings plan contributions on behalf of Mr. Olinek.

(27) Mr. Toney is paid in US dollars. Mr. Toney's salary has been converted into Canadian dollars at the average monthly Bank of Canada exchange rate for each applicable month and the amounts that Mr. Toney earned under the STIP have been converted into Canadian dollars at the Bank of Canada noon exchange rate on the applicable dates of payment.

(28) The grant date fair value of the PSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of PSUs held by Mr. Toney by the closing price of the Corporation's common shares on the grant date of such PSUs, being March 11, 2019 ($3.29). The realized value is determined when the incentive is paid to Mr. Toney.

(29) The grant date fair value of the PSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of PSUs held by Mr. Toney by the closing price of the Corporation's common shares on the grant date of such PSUs, being March 12, 2018 ($6.71). The realized value is determined when the incentive is paid to Mr. Toney.

(30) Attributable to: (a) perquisites, including a payment of US$21,040 for relocation expenses in conjunction with Mr. Toney's relocation to Houston, Texas at the Corporation's request, which payment has been converted into Canadian dollars at the Bank of Canada noon exchange rate in effect on the date of payment, and $23,333 for Mr. Toney's vehicle allowance; and (b) the Corporation's retirement savings plan contributions on behalf of Mr. Toney.

(31) The grant date fair value of the RSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of RSUs held by Mr. Toney by the closing price of the Corporation's common shares on the grant date of such RSUs, being March 6, 2017 ($3.96). The realized value is determined when the incentive is paid to Mr. Toney.

(32) Attributable to: (a) perquisites, including a payment of US$25,000 for relocation expenses in conjunction with Mr. Toney's relocation to Houston, Texas at the Corporation's request, which payment has been converted into Canadian dollars at the Bank of Canada noon exchange rate in effect on the date of payment, and $23,324 for Mr. Toney's vehicle allowance; and (b) the Corporation's retirement savings plan contributions on behalf of Mr. Toney.

(33) Mr. Brown is paid in US dollars. Mr. Brown's salary has been converted into Canadian dollars at the average monthly Bank of Canada exchange rate for each applicable month and the amounts that Mr. Brown earned under the STIP have been converted into Canadian dollars at the Bank of Canada noon exchange rate on the applicable dates of payment.

(34) The grant date fair value of the PSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of PSUs held by Mr. Brown by the closing price of the Corporation's common shares on the grant date of such PSUs, being March 11, 2019 ($3.29). The realized value is determined when the incentive is paid to Mr. Brown.

(35) The grant date fair value of the PSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of PSUs held by Mr. Brown by the closing price of the Corporation's common shares on the grant date of such PSUs, being March 12, 2018 ($6.71). The realized value is determined when the incentive is paid to Mr. Brown.

(36) Attributable to: (a) perquisites, including a payment of US$68,672 for relocation expenses in conjunction with Mr. Brown's relocation to Houston, Texas at the Corporation's request, which payment has been converted into Canadian dollars at the Bank of Canada noon exchange rate in effect on the date of payment; and (b) the Corporation's retirement savings plan contributions on behalf of Mr. Brown.

(37) The grant date fair value of the RSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of RSUs held by Mr. Brown by the closing price of the Corporation's common shares on the grant date of such RSUs, being March 6, 2017 ($3.96). The realized value is determined when the incentive is paid to Mr. Brown.

Narrative Discussion

A description of the STIP is provided above under the heading "Short-Term Incentive Plan", a description of the PSU Plan is provided below under the heading "Performance Share Unit Plan" and a description of the Option Plan is provided below under the heading "Stock Option Plan".

Historically, it had been the board of directors' practice to limit PSU grants to the Chief Executive Officer and all PSUs granted prior to January 1, 2018 were held by the Chief Executive Officer. The vesting of the CEO PSUs, which could be settled in cash or in common shares acquired on the open market, was dependent upon the performance of the recipient during the previous year, as well as other factors such as the financial performance of the Corporation during the previous year and the financial impact on the Corporation in the event that the relevant CEO PSUs vest. The Compensation Committee evaluated the Chief Executive Officer's performance annually based on criteria relating to, among other things, leadership, general corporate management, working with the board of directors and financial management. Based on such review and a consideration of the other factors listed above, the Compensation Committee made a recommendation to the board of directors with respect to the vesting of the CEO PSUs. Currently, there are no CEO PSUs outstanding since all of such units which were granted have now either vested or terminated.

Effective December 7, 2011, the board of directors established the RSU Plan. The RSU Plan provides that the board may grant RSUs to certain eligible officers or employees of the Corporation or its subsidiaries. Each RSU represents the right to receive, at the discretion of the Corporation, a payment of: (i) cash equal to the Market Value less any applicable taxes and other source deductions required to be withheld; or (ii) common shares equal to the number obtained by dividing the amount of cash otherwise payable, less any applicable taxes and other source deductions required to be withheld, by the Market Value. For the purposes of the RSU Plan, "Market Value" means, on any date, the weighted average trading price of a common share of the Corporation on the TSX during the last five trading days prior to that date. Any common shares paid to participants will be acquired on the open market. The RSU Plan is structurally aligned with the interests of shareholders given that the value of the RSUs is determined by the market value of the common shares of the Corporation. RSUs terminate: (i) immediately if a participant ceases to be an officer or employee of the Corporation or a subsidiary of the Corporation for any reason other than death, permanent disability or retirement; or (ii) on the earlier of their expiration or 12 months after the date of death, permanent disability or retirement of a participant. Notwithstanding the foregoing, if a participant "retires" but then joins a competitor of the Corporation within 12 months of such "retirement", such participant's RSUs will terminate on the earlier of their expiration or 90 days after the participant joined the competitor. During such period, such participant's RSUs are redeemable only to the extent that such RSUs were redeemable as at the day prior to the day that the participant joined the competitor of the Corporation. Typically, RSUs are granted in early-March and one-third of the RSUs vest on January 1st of each of the first, second and third calendar years following the year of grant. For the RSUs granted in 2016 and 2017, however, the vesting schedule provided that one-half of such RSUs vest on January 1st of each of the second and third calendar years following the year of grant. Since awards under the RSU plan are not typically payable in the event that the Corporation does not meet the minimum consolidated OI threshold approved by the board of directors and the board anticipated, at the time of the 2016 and 2017 RSU grants, that the challenging market conditions facing the Corporation would persist for the near to medium-term, the board of directors revised the vesting schedule of the RSUs granted in such years. The intention behind revising such vesting schedule was to improve the retention incentive provided by the RSUs by improving the participants' opportunity to realize an economic gain over time from such RSUs. Currently, there are no RSUs outstanding since all of such units which were granted have now either vested or terminated, and the RSU Plan is no longer being used by the Corporation.

As described above under the heading "Long-Term Incentives", the Compensation Committee made a number of administrative changes to the long-term incentive plans commencing with the 2018 awards. Specifically, the board of directors approved the use of PSUs in lieu of RSUs for all eligible employees. In the determination of the number of PSUs to be awarded, the Compensation Committee will review the total shareholder return of the Corporation's common shares relative to its comparator group over a five year period and adjust the number of Equity PSUs to be awarded accordingly. Any Equity PSUs awarded at that time will have no further performance conditions attached and will become vested PSUs on the applicable vesting date and settled by the Corporation in common shares issued from treasury. In addition, the Compensation Committee will determine the number of PSUs to be issued as Cash PSUs that will be subject to the minimum consolidated OI performance condition at the applicable date of vesting and settled in cash or in common shares acquired on the open market assuming the performance condition is met.

Incentive Plan Awards

Outstanding Share-based Awards and Option-based Awards

The following table sets forth, for each Named Executive Officer, all option-based and share-based awards outstanding at December 31, 2019.

	Option-based Awards				**Share-based Awards**		
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options[1] ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested[2] ($)**	**Market or payout value of vested share-based awards not paid out or distributed ($)**
Ronald P. Mathison[3]	200,000	1.34	Mar. 6, 2021	-	-	-	50,000[4]
	42,919	5.75	April 3, 2023	-			
	1,470,000	1.26	Nov. 10, 2024	-			
Fernando Aguilar[5]	400,000	1.99	Dec. 30, 2020	-	221,667	277,084	-
	950,000	4.84	Dec. 31, 2021	-			
	212,000	5.75	Dec. 31, 2022	-			
	253,000	3.39	Mar. 10, 2024	-			
Lindsay R. Link[6]	100,000	9.98	Dec. 31, 2019	-	152,293	190,366	-
	35,000	8.37	Mar. 8, 2020	-			
	180,000	1.99	Dec. 30, 2020	-			
	45,000	1.59	Mar. 20, 2021	-			
	250,000	4.84	Dec. 31, 2021	-			
	90,000	5.75	Dec. 31, 2022	-			
	100,000	2.29	Dec. 31, 2023	-			
	70,000	1.26	Nov. 10, 2024	-			
	170,000	1.22	Dec. 30, 2024	5,100			
Michael D. Olinek[7]	35,000	9.98	Dec. 31, 2019	-	66,459	83,074	-
	100,000	1.99	Dec. 30, 2020	-			
	10,000	1.59	Mar. 20, 2021	-			
	100,000	4.84	Dec. 31, 2021	-			
	40,000	3.82	Mar. 5, 2022	-			
	55,000	5.75	Dec. 31, 2022	-			
	55,000	2.29	Dec. 31, 2023	-			
	75,000	1.22	Dec. 30, 2024	2,250			
Fred L. Toney[8]	50,000	9.98	Dec. 31, 2019	-	63,959	79,949	-
	120,000	1.99	Dec. 30, 2020	-			
	110,000	4.84	Dec. 31, 2021	-			
	60,000	5.75	Dec. 31, 2022	-			
	65,000	2.29	Dec. 31, 2023	-			
	65,000	1.22	Dec. 30, 2024	1,950			
J. Michael Brown[9]	50,000	8.72	Mar. 31, 2020	-	55,834	69,793	-
	100,000	1.99	Dec. 30, 2020	-			
	110,000	4.84	Dec. 31, 2021	-			
	40,000	5.75	Dec. 31, 2022	-			
	40,000	2.29	Dec. 31, 2023	-			
	40,000	1.22	Dec. 30, 2024	1,200			

Notes:

(1) The value of unexercised in-the-money options has been calculated by subtracting the exercise price of such options from $1.25, being the closing price of the Corporation's common shares on the TSX on December 31, 2019 and multiplying the difference by the number of unexercised in-the-money options.

(2) The market or payout value of share-based awards that have not vested at December 31, 2019 is a theoretical expected value which was calculated by multiplying unvested CEO PSUs, PSUs or RSUs, as applicable, at December 31, 2019 by $1.25, which was the closing price of the Corporation's common shares on the TSX on December 31, 2019.

(3) The aggregate value that Mr. Mathison realized from exercising stock options during 2019 was $0.

(4) The market or payout value of share-based awards that have vested and not been paid out or distributed at December 31, 2019 is a theoretical expected value which was calculated by multiplying vested DSUs, as applicable, at December 31, 2019 by $1.25, which was the closing price of the Corporation's common shares on the TSX on December 31, 2019.

(5) The aggregate value that Mr. Aguilar realized from exercising stock options during 2019 was $0.

(6) The aggregate value that Mr. Link realized from exercising stock options during 2019 was $0.

(7) The aggregate value that Mr. Olinek realized from exercising stock options during 2019 was $0.

(8) The aggregate value that Mr. Toney realized from exercising stock options during 2019 was $0.

(9) The aggregate value that Mr. Brown realized from exercising stock options during 2019 was $0.

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth, for each Named Executive Officer, the value vested or earned on all option-based awards, share-based awards, and non-equity incentive plan compensation during the financial year ended December 31, 2019.

Name	Option-based awards – Value vested during the year[(1)] ($)	Share-based awards – Value vested during the year[(2)(3)] ($)	Non-equity incentive plan compensation – Value earned during the year[(4)] ($)
Ronald P. Mathison	95,000	34,000	-
Fernando Aguilar	-	1,134,612	-
Michael D. Olinek	4,850	101,141	-
Lindsay R. Link	21,825	219,455	-
Fred L. Toney	-	112,591	-
J. Michael Brown	-	101,141	-

Notes:

(1) The value vested during the year for option-based awards has been calculated by determining the difference between the trading price of the common shares and the exercise price of the vested options on the applicable vesting dates (or the next trading day if the options vested on a date when the TSX was closed).

(2) The value vested during the year for share-based awards for Mr. Mathison has been calculated by multiplying the number of DSUs vested during the year by $0.85, which was the weighted average trading price on the TSX of the Corporation's common shares for the five day trading period preceding the vesting date of December 3, 2019.

(3) The value vested during the year for share-based awards for Messrs. Aguilar, Olinek, Link, Toney and Brown has been calculated by multiplying the number of CEO PSUs, PSUs and/or RSUs, as applicable, vested during the year by $2.29, which was the weighted average trading price on the TSX of the Corporation's common shares for the five day trading period preceding the vesting date of January 1, 2019.

(4) Amounts earned for services rendered during the year and disclosed in the Summary Compensation Table under the heading "Non-equity incentive plan compensation – Annual incentive plans".

Termination and Change of Control Benefits

Employment Agreements

Each of Michael D. Olinek, Lindsay R. Link, Fred L. Toney and J. Michael Brown has an executive employment agreement which extends indefinitely, unless terminated by either party in accordance with the terms of the agreement. These employment agreements provide that in the event of a change of control of the Corporation, and if any of such Named Executive Officers are terminated within one year following such change of control, other than for just cause, such individual will be entitled to an amount equal to two times the sum of: (i) the individual's annual current base salary; (ii) an amount equal to their target incentive bonus; (iii) the costs of health and welfare benefit plans for the 12-month period preceding termination; (iv) an amount equal to the last annual taxable benefit for such individual's vehicle allowance; and (v) 6% of the individual's base salary up to the maximum contribution permitted in lieu of any pension, registered retirement savings plan or 401K contribution which the individual would have earned during a 12-month period. These employment agreements also provide that each of such Named Executive Officers shall have the right, but shall not be obligated, to terminate his employment and the employment agreement within 90 days following the occurrence of certain specified events which are deemed to amount to constructive dismissal. If any of such Named Executive Officers exercise this right, or are terminated without cause by the Corporation in circumstances not relating to a change of control, as set out above, such officer is entitled to an amount equal to the sum of items (i) through (v) noted above.

Ronald P. Mathison also has an executive employment agreement which extends indefinitely, unless terminated by either party in accordance with the terms of the agreement. Such employment agreement provides that in the event of a change of control of the Corporation, and if Mr. Mathison is terminated within one year following such change of control, other than for just cause, he will be entitled to an amount equal to two times the sum of his base salary for the month immediately preceding the termination multiplied by 24. Such employment agreement also provides that Mr. Mathison shall have the right, but shall not be obligated, to terminate his employment and the employment agreement within 90 days following the occurrence of certain specified events which are deemed to amount to constructive dismissal. If Mr. Mathison exercises this right, or is terminated without cause by the Corporation in circumstances not relating to a change of control, as set out above, he is entitled to an amount equal to the sum of his base salary for the month immediately preceding the termination multiplied by 24.

Mr. Fernando Aguilar, the former President and Chief Executive Officer of the Corporation, retired effective June 7, 2019. Mr. Aguilar had an employment agreement with the Corporation. In connection with his resignation, Mr. Aguilar was paid $2,284,114 related to his retirement entitlements.

The Corporation's Option Plan provides that, following a sale of all or substantially all of the assets of the Corporation or a change of control, participants are entitled to exercise in full or in part all unexercised options, whether vested or not. The Option Plan does not provide for accelerated vesting of options on termination of employment.

The Corporation's RSU Plan and PSU Plan provide that in the event of a change of control or a determination by the board of directors of the Corporation that a change of control is expected to occur, the board shall have the authority to take all necessary steps so as to ensure the preservation of the economic interests of the participants in, and to prevent the dilution or enlargement of, any unvested RSUs or PSUs (as applicable), including, without limitation ensuring that the Corporation or any entity which is or would be the successor to the Corporation or which may issue securities in exchange for common shares of the Corporation upon the change of control becoming effective will provide each participant with new or replacement or amended RSUs or PSUs (as applicable) which will continue to vest and be exercisable following the change of control on similar terms and conditions as provided in the RSU Plan or PSU Plan (as applicable) provided that: (1) following a change of control, if a participant shall cease to be an officer or employee of Corporation or one of its subsidiaries by reason of termination (a) by the Corporation or one of its subsidiaries, as applicable, or by the entity that has entered into a valid and binding agreement with the Corporation or one of its subsidiaries to effect the change of control, at any time during the period commencing on the date of the change of control and ending two years after the date of the change of control (the "Control Period"), and such termination was for any reason other than for cause, or (b) by the participant by resignation in circumstances which would amount to constructive dismissal, provided such resignation occurs during the Control Period; or (2) if the board of directors of the Corporation, in its sole discretion, determines that it would not be practicable to cause the provision of new or replacement or amended RSUs or PSUs (as applicable), then all RSUs or PSUs (as applicable) credited to the participant and then outstanding shall (whether otherwise vested or not at such time) become vested RSUs or PSUs (as applicable) at the time of such termination, in the case of (1) above, or upon the change of control, in the case of (2) above, and such participant shall be entitled to payouts for such RSUs or PSUs (as applicable). The RSU Plan and the PSU Plan do not otherwise provide for accelerated vesting of RSUs or PSUs (as applicable) on termination of employment.

The provisions governing the CEO PSUs provide that unvested CEO PSUs shall automatically vest if, and at the same time as, a change of control occurs, or the board of directors by resolution determines to accelerate the vesting of such CEO PSUs as a result of its determination that a change of control is expected to occur. Any such determination must specify that if, for any reason, the change of control is not completed, the Corporation shall revoke such determination. The provisions governing the CEO PSUs do not provide for accelerated vesting of awards granted thereunder on termination of employment.

The estimated incremental payment obligations of the Corporation related to the termination entitlements set forth above, assuming that the triggering event took place on December 31, 2019, are as follows:

Named Executive Officer	Termination without Cause or Constructive Dismissal ($)	Termination without Cause following Change of Control ($)
Ronald P. Mathison	900,000	1,800,000
Lindsay R. Link	1,161,232	2,517,930
Michael D. Olinek	780,996	1,647,256
Fred L. Toney	874,873	1,831,644
J. Michael Brown	819,465	1,709,922

The employment agreements for all of the Named Executive Officers above contain restrictions on the use or disclosure of confidential information by the Named Executive Officers, as well as provisions related to non-solicitation and non-competition by the Named Executive Officers for a period of 12 months, unless the termination of employment of any such individual is attributable to a termination on change of control, in which case the non-solicitation and non-competition period will be 24 months. The employment agreements specifically provide for immediate injunctive or equitable relief in the event that the Named Executive Officers breach the provisions related to non-solicitation or non-competition. In the event that any of the Named Executive Officers are terminated for cause, such individuals will not be entitled to receive any of the payments outlined above. In the event that any of the Named Executive Officers voluntarily terminate his or her employment for any reason other than following an event which is deemed to amount to constructive dismissal, such individual is obligated to provide 90 days prior written notice to the Corporation, upon receipt of which the Corporation may require such Named Executive Officer to continue to perform his or her duties for the remainder of the notice period, or advise such Named Executive Officer that his or her services are no longer required and pay such individual the salary, benefits and any other amounts earned under any bonus or incentive plan to the date of termination specified in the notice, or for the minimum period of payment in lieu of notice under applicable law, whichever is shorter.

Directors' Compensation

Summary Compensation Table

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation, in Canadian dollars, to the following individuals who were directors of the Corporation for the most recently completed financial year, excluding Ronald P. Mathison, Fernando Aguilar and Lindsay R. Link, who were Named Executive Officers of the Corporation during 2019 and whose compensation is disclosed under the headings "Summary Compensation Table", "Outstanding Share-based Awards and Option-based Awards" and "Incentive Plan Awards – Value Vested or Earned During the Year".

Name	Fees Earned[1] ($)	Share-based awards[2][3] ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Douglas R. Ramsay	95,167	88,750	-	-	-	-	184,065
Kevin R. Baker	100,000	71,000	-	-	-	-	171,000
James S. Blair	97,000	71,000	-	-	-	-	168,000
Gregory S. Fletcher	113,583	71,000	-	-	-	-	184,583
Lorne A. Gartner	100,000	71,000	-	-	-	-	171,000

Notes:

(1) A breakdown of the aggregate fees earned by each director is presented in the narrative discussion and table appearing below.

(2) The grant date fair value of the DSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of DSUs granted to the applicable director by the closing price of the Corporation's common shares on the grant date of such DSUs, being February 27, 2019 ($3.55).

(3) None of the DSUs that were granted on February 27, 2019 have been exercised.

Narrative Discussion

On an annual basis, management of the Corporation provides the board of directors with information regarding director compensation from a select peer group, which the board of directors utilizes in order to determine the compensation for the Corporation's directors. In 2019, each director other than Fernando Aguilar, the Corporation's former President and Chief Executive Officer and Lindsay R. Link, the Corporation's President and Chief Operating Officer, was paid an annual retainer of $45,000 per annum. For each meeting of the board, a fee of $1,500 was paid to each director who attended in person, by telephone or by video-conference. For each meeting of a committee of the board (other than the Audit Committee), a fee of $1,500 was paid to each committee member who attended in person, by telephone or by video conference. For each meeting of the Audit Committee, a fee of $2,500 was paid to each committee member who attended in person, by telephone or by video-conference. The chair of the Audit Committee received an additional annual retainer of $20,000, the chairs of the Compensation Committee, Corporate Governance and Nominating Committee and the Health, Safety, Environment and Quality Committee each received an annual retainer of $15,000. Mr. Mathison was entitled to a supplemental fee of $360,000 per annum to compensate him for his time commitment and efforts on behalf of the Corporation in his role as Chairman. Effective June 10, 2019, Mr. Mathison was appointed as Executive Chairman of the board of directors and commenced a salaried position with the Corporation and ceased receiving compensation for serving as a director. Effective June 10, 2019, the Vice-Chairman became entitled to a supplemental fee of $50,000 per annum to compensate him for his time commitment and efforts on behalf of the Corporation in his role as Vice-Chairman. In addition, effective June 10, 2019, the board appointed a Lead Director who is entitled to a supplemental fee of $25,000 per annum to compensate him for his time commitment and efforts on behalf of the Corporation in his role as Lead Director. All such payments are made to directors on a quarterly basis. Neither Fernando Aguilar nor Lindsay R. Link received any compensation for serving as a director.

Effective October 15, 2004, the board of directors established a deferred share unit plan (the "DSU Plan") for directors. The DSU Plan provides that the board may grant deferred share units ("DSUs") to certain designated non-management directors. Each DSU represents the right to receive a gross payment equal to the Market Value at the date of exercise, which date will be determined by the holder of the DSUs, subject to certain conditions. For the purposes of the DSU Plan, "Market Value" means, on any date, the weighted average trading price of a common share of the Corporation on the TSX during the last five trading days prior to that date. The DSU Plan is structurally aligned with the interests of shareholders given that the value of the DSUs is determined by the market price of the common shares of the Corporation. The Corporation has the option of instructing an independent broker to acquire common shares on the open market on behalf of the participant equal to the number obtained by dividing the amount of cash otherwise payable, after deducting statutory withholdings, by the Market Value. The DSUs expire at a date determined by the board, and if a participant ceases to be a director of the Corporation or a designated affiliate for any reason, that participant's unvested DSUs shall terminate and be forfeited and the participant may redeem any vested DSUs until the earlier of: (i) 90 days from the date the participant ceased to be a director (180 days in the case of cessation by reason of death or permanent disability); or (ii) the expiry date set forth in the document granting the DSUs. Typically, DSUs are granted in late-February and vesting takes place in late-November or early-December of the year of grant, after which the vested DSUs must be exercised by January 31st of the year following the year of grant. Beginning with the DSUs granted in 2019, however, vested DSUs may be exercised anytime up to January 31st of the third year following the year of grant.

The following table further itemizes the compensation paid to each non-employee director during 2019.

Name	Board Retainer $	Committee Chair Fee $	Board Meeting Fee $	Committee Meeting Fee $	Total Fees Paid $	DSUs Granted #	Stock Options Granted #
Douglas R. Ramsay	45,000	29,167[(1)]	15,000	6,000	95,167	25,000	-
Kevin R. Baker	45,000	15,000	15,000	25,000	100,000	20,000	-
James S. Blair	45,000	15,000	15,000	22,000	97,000	20,000	-
Gregory S. Fletcher	45,000	34,583[(2)]	15,000	19,000	113,583	20,000	-
Lorne A. Gartner	45,000	15,000	15,000	25,000	100,000	20,000	-

Notes:

(1) This amount represents Mr. Ramsay's prorated supplemental fee for acting as Vice-Chairman effective June 10, 2019, as described above.

(2) This amount represents Mr. Fletcher's fee for acting as chair of the Audit Committee and his prorated supplemental fee for acting as Lead Director effective June 10, 2019, as described above.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth for each director, other than Ronald P. Mathison, Fernando Aguilar and Lindsay R. Link, all option-based and share-based awards outstanding at December 31, 2019.

	Option-based Awards				Share-based Awards		
Name	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed[(1)]($)
Douglas R. Ramsay	-	-	-	-	-	-	37,500
Kevin R. Baker	-	-	-	-	-	-	30,000
James S. Blair	-	-	-	-	-	-	30,000
Gregory S. Fletcher	-	-	-	-	-	-	30,000
Lorne A. Gartner	-	-	-	-	-	-	30,000

Note:

(1) The market or payout value of share-based awards that have vested and not been paid out or distributed at December 31, 2019 is a theoretical expected value which was calculated by multiplying vested DSUs, as applicable, at December 31, 2019 by $1.25, which was the closing price of the Corporation's common shares on the TSX on December 31, 2019.

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth for each director, other than Ronald P. Mathison, Lindsay R. Link and Fernando Aguilar, the value vested or earned on all option-based awards, share-based awards, and non-equity incentive plan compensation during the year ended December 31, 2019.

Name	Option-based awards – Value vested during the year[(1)] ($)	Share-based awards – Value vested or earned during the year[(2)] ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Douglas R. Ramsay	-	21,250	-
Kevin R. Baker	-	17,000	-
James S. Blair	-	17,000	-
Gregory S. Fletcher	-	17,000	-
Lorne A. Gartner	-	17,000	-

Notes:

(1) The value vested during the year for option-based awards has been calculated by determining the difference between the trading price of the common shares and the exercise price of the vested options on the applicable vesting dates (or the next trading day if the options vested on a date when the TSX was closed).

(2) The value vested during the year for share-based awards for the directors has been calculated by multiplying the number of DSUs vested during the year by $0.85, which was the weighted average trading price on the TSX of the Corporation's common shares for the five day trading period preceding the vesting date of December 3, 2019. The DSUs which vested in 2019 were granted on February 27, 2019.

Stock Option Plan

The Corporation's Option Plan provides that the board of directors may grant options to purchase common shares to officers, employees and consultants of the Corporation and its subsidiaries and, subject to the limitations described below, non-employee directors of the Corporation. In granting an option, the board must fix the number of common shares, exercise price, vesting provisions and expiry date (which shall be no later than ten years from the date of grant). The historical practice of the board in granting options was to provide for options with a five year term that vest over a four year period, commencing on the first anniversary of the date of the grant. In late-2017, the board of directors approved a recommendation by management to reduce the vesting period from four years to three years commencing with the options granted in 2018. The exercise price of a stock option shall be no less than the weighted average trading price of the common shares on the TSX for the five trading days immediately preceding the date of the grant of the option. The Option Plan prohibits the Corporation from providing financial assistance to a participant to pay the exercise price for any optioned shares. The Option Plan also provides for the acceleration of vesting of options upon the occurrence of any one of a number of specified events that constitute a change of control of the Corporation.

The maximum number of common shares that may be issued at any time under the Option Plan and any other share compensation arrangements of the Corporation (including the PSU Plan, as described below) is limited to 10% of the total number of outstanding common shares. Additionally, the Option Plan limits the number of common shares that may be issued within a one year period to insiders under the Option Plan and any other share compensation arrangements of the Corporation to 10% of the issued and outstanding common shares of the Corporation, and to 5% for any one insider individually. Further, the number of common shares issuable to insiders at any time under the Option Plan and any other share compensation arrangements of the Corporation shall not exceed 10% of the total number of issued and outstanding common shares. Options are not assignable and cannot be converted into share appreciation rights. Options terminate: (i) on the earlier of their expiration or 90 days after a participant ceases to be an officer or employee for any reason other than for cause, death, permanent disability or retirement; (ii) on the date of termination for cause; and (iii) on the earlier of their expiration or 12 months after the date of death, permanent disability or retirement. Notwithstanding the foregoing, if a participant "retires" but then joins a competitor of the Corporation within 12 months of such "retirement", such participant's options will terminate on the earlier of their expiration or 90 days after the participant joined the competitor.

Options that expire during or within ten business days of a black-out period imposed by the Corporation are automatically extended to 5:00 p.m. on the tenth business day after the last day of such black-out period.

The Option Plan includes a "cashless" exercise feature whereby a participant may elect to sell all or any portion of the common shares underlying an option in order to satisfy the exercise price payable in connection with such option exercise. To exercise this right, a participant must deliver a notification identifying the number of shares in respect of which the option is being exercised and providing instructions to deliver a share certificate in respect of such shares to a broker selected by the participant in exchange for the payment of the exercise price by such broker, on behalf of the participant.

The Option Plan provides that the board of directors, or the Compensation Committee or any member of the board of directors to whom appropriate authority has been delegated under the Option Plan, has the discretion to adjust both the number of common shares under option and the exercise price of options upon the occurrence of specified dilutive or anti-dilutive events.

The Option Plan specifies certain types of amendments which may, subject to regulatory approval, be made without shareholder approval, including any amendment: (i) of a "housekeeping" nature; (ii) to the vesting provisions of the Option Plan or any option thereunder; (iii) to the termination provisions of the Option Plan or any option thereunder, provided that such amendment does not entail an extension beyond the expiry date of such option; (iv) with respect to the method or manner of exercise of any option; (v) to the persons eligible to receive options, other than an amendment which would have the potential of broadening or increasing insider participation; and (vi) any other amendment that under the rules of the TSX does not require shareholder approval. Notwithstanding the foregoing, the Option Plan provides that shareholder approval is required in order for the Corporation to: (i) reduce the exercise price of any option or cancel any option and subsequently issue the holder a new option in replacement thereof; (ii) increase the maximum number of shares reserved for issuance; (iii) extend the term of any option; (iv) expand the assignability or transferability of options; (v) amend the amendment provision of the Option Plan; (vi) add to the categories of eligible participants; (vii) remove or increase insider participation limits; (viii) grant additional amendment powers to the board in respect of the Option Plan or any option thereunder; and (ix) make any other amendment that requires shareholder approval under the rules of the TSX.

Number of Common Shares Issued and Issuable

As indicated above, the maximum number of common shares issuable under the Option Plan and all other share compensation plans of the Corporation, including the PSU Plan, is 10% of the issued and outstanding common shares from time to time. The following table summarizes, as at December 31, 2019: (a) the aggregate number of common shares issued on the exercise of options; (b) the number of options outstanding; (c) the number of options remaining available for issuance; and (d) the foregoing numbers expressed as a percentage of the outstanding common shares.

			Options[1]			
Date	**Common Shares Issued on Exercise of Options**		**Outstanding**		**Remaining Available for Issuance**	
	(#)	**(%)**[2]	**(#)**	**(%)**[2]	**(#)**[3]	**(%)**[2]
Dec. 31, 2019	9,305,873	6.42	12,203,008	8.42	1,533,815	1.06

Notes:

(1) Each option entitles the holder thereof to acquire one common share.

(2) Expressed as a percentage of the outstanding common shares on the applicable date.

(3) Assuming no additional Equity PSUs are issued.

Burn Rate

The following table summarizes the Corporation's burn rate under the Option Plan for each of the three most recently completed financial years.

Year	Common Shares Outstanding[1]	Options Granted		Common Shares Issued on Exercise of Options[2]	
	(#)	(#)	(%)[3]	(#)	(%)[3]
2017	137,663,943	4,195,100	3.05	186,375	0.14
2018	144,041,910	1,419,319	0.99	483,974	0.34
2019	144,564,590	4,470,150	3.09	98,675	0.07

Notes:

(1) Expressed as the weighted average number of common shares outstanding during the period. This is the number of common shares outstanding at the beginning of the period, adjusted by the number of common shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the common shares are outstanding as a proportion of the total number of days in the period. The weighted average number of common shares outstanding is calculated in accordance with the CPA Canada Handbook.

(2) Each option entitles the holder thereof to acquire one common share.

(3) Expressed as a percentage of the weighted average number of common shares outstanding during the period.

Performance Share Unit Plan

On October 15, 2004, the Corporation established the PSU Plan, which provides that the board of directors may grant PSUs to eligible employees of the Corporation and its designated affiliates. Since 2011, it had been the board of directors' practice to limit PSU grants to the Chief Executive Officer and to redeem PSUs, to the extent they vest, in cash. As a result of a review and recommendation by the Compensation Committee, on March 28, 2017, the board of directors determined to amend the PSU Plan to provide that, among other matters, PSUs may be settled in common shares issued from treasury. The board of directors further determined to broaden the use of the PSU Plan going forward such that grants of PSUs may be made to officers and employees of the Corporation beyond the Chief Executive Officer. The board of directors believes that granting PSUs to additional officers and employees is desirable in order for the Corporation to effectively retain, motivate and reward its employees, including for their performance and contribution to the Corporation's long-term success. The ability to settle PSUs with common shares issued from treasury allows the Corporation to manage the cash expense of providing these incentives to employees. The maximum number of common shares that will be issuable under the PSU Plan and all other share compensation arrangements of the Corporation (including the Option Plan) is 10% of the issued and outstanding common shares from time to time. Pursuant to the TSX rules, the Corporation obtained shareholder approval of the PSU Plan on May 9, 2017, and will be required to seek shareholder approval with respect to all unallocated Equity PSUs under the PSU Plan every three years following the initial adoption of the PSU Plan. Below is a summary of the key terms of the PSU Plan.

The PSU Plan provides that the board may grant PSUs to certain eligible officers or employees of the Corporation or its subsidiaries. Non-employee directors of the Corporation are not eligible to participate in the PSU Plan. Each PSU represents the right to receive a cash payment equal to the Market Value, less any applicable taxes and other source deductions required to be withheld. For the purposes of the PSU Plan, "Market Value" means, on any date, the weighted average trading price of a common share of the Corporation on the TSX during the last five trading days prior to that date. The Corporation has the option of settling PSUs in common shares issued from treasury or acquired on the open market, the number of such shares being equal to the number obtained by dividing the amount of cash otherwise payable, less any applicable taxes and other source deductions required to be withheld, by the Market Value. The PSU Plan is structurally aligned with the interests of shareholders given that the value of the PSUs is determined by the market value of the common shares of the Corporation. Subject to the applicable award agreement providing otherwise, PSUs terminate: (i) immediately if a participant ceases to be an officer or employee of the Corporation or a subsidiary of the Corporation for any reason other than death, permanent disability or retirement; or (ii) on the earlier of their expiration or 12 months after the date of death, permanent disability or retirement of a participant. Notwithstanding the foregoing, if a participant "retires" but then joins a competitor of the Corporation within 12 months of such "retirement", such participant's PSUs will terminate on the earlier of their expiration or 90 days after the participant joined the competitor. During such period, such participant's PSUs are redeemable only to the extent that such PSUs were redeemable as at the day prior to the day that the participant joined the competitor of the Corporation.

The PSU Plan provides that in the event of a change of control or a determination by the board of directors of the Corporation that a change of control is expected to occur, the board shall have the authority to take all necessary steps so as to ensure the preservation of the economic interests of the participants in, and to prevent the dilution or enlargement of, any unvested PSUs, including, without limitation ensuring that the Corporation or any entity which is or would be the successor to the Corporation or which may issue securities in exchange for common shares of the Corporation upon the change of control becoming effective will provide each participant with new or replacement or amended PSUs which will continue to vest and be exercisable following the change of control on similar terms and conditions as provided in the PSU Plan provided that: (1) following a change of control, if a participant shall cease to be an officer or employee of Corporation or one of its subsidiaries by reason of termination (a) by the Corporation or one of its subsidiaries, as applicable, or by the entity that has entered into a valid and binding agreement with the Corporation or one of its subsidiaries to effect the change of control, at any time during the period commencing on the date of the change of control and ending two years after the date of the change of control (the "Control Period"), and such termination was for any reason other than for cause, or (b) by the participant by resignation in circumstances which would amount to constructive dismissal, provided such resignation occurs during the Control Period; or (2) if the board of directors of the Corporation, in its sole discretion, determines that it would not be practicable to cause the provision of new or replacement or amended PSUs, then all PSUs credited to the participant and then outstanding shall (whether otherwise vested or not at such time) become vested PSUs at the time of such termination, in the case of (1) above, or upon the change of control, in the case of (2) above, and such participant shall be entitled to payouts for such PSUs. The PSU Plan does not otherwise provide for accelerated vesting of PSUs on termination of employment.

Grants of PSUs under the PSU Plan are subject to the following restrictions: (i) the maximum number of common shares issuable under the PSU Plan and all other share compensation arrangements of the Corporation at any time shall not exceed 10% of the total number of issued and outstanding common shares at that time; (ii) the number of common shares issuable to insiders (as that term is defined in the Company Manual of the TSX) at any time under the PSU Plan and any other share compensation arrangements of the Corporation shall not exceed 10% of the total number of issued and outstanding common shares; (iii) the number of common shares issued to insiders under the PSU Plan and any other share compensation arrangements of the Corporation, within any one year period, shall not exceed 10% of the total number of issued and outstanding common shares; and (iv) the number of common shares issuable to any one insider and such insider's associates (as that term is defined by the *Securities Act* (Ontario)) under the PSU Plan and any other share compensation arrangements of the Corporation, within a one year period, shall not exceed 5% of the total number of issued and outstanding common shares. All amounts payable to, or in respect of, a participant shall be paid within three years following the end of the fiscal year in which the applicable PSUs were granted. If any PSUs expire, terminate or are cancelled for any reason without having been redeemed in full, any common shares to which such PSU relates shall be available for the purposes of the granting of PSUs under the PSU Plan. Further, PSUs are not transferable other than by testamentary disposition or in accordance with the laws governing the devolution of property in the event of death or incapacity.

The Corporation may grant PSUs to participants in such number as the board of directors may, in its sole discretion, determine. The Corporation shall designate, at the time of grant or credit of PSUs, the date or dates on which all or portion of the PSUs shall vest and any conditions to such vesting including, without limitation, conditions related to performance factors. If determined appropriate by the Corporation, in the event dividends are paid to shareholders while PSUs are outstanding, additional PSUs in lieu of any cash dividends may be credited to participants then holding PSUs.

The PSU Plan specifies certain types of amendments which may, subject to regulatory approval, be made without shareholder approval, including any amendment: (i) to the vesting provisions of the PSU Plan or any PSU; (ii) to the termination provisions of the PSU Plan or any PSU which does not entail an extension beyond the expiry date of the applicable PSU; (iii) to the persons eligible to receive PSUs or otherwise relating to the eligibility of anyone to receive PSUs other than an amendment which would have the potential of broadening or increasing insider participation; (iv) with respect to the method or manner of redemption of any PSU; (v) of a "housekeeping" nature; and (vi) any other amendment that under the rules of the TSX does not require shareholder approval, provided that no such addition, repeal or amendment shall in any manner adversely affect the rights of any participant under any PSU theretofore granted under the PSU Plan without such participant's consent. Notwithstanding the foregoing, the PSU Plan provides that shareholder approval is required in accordance with the policies of the TSX in order for the Corporation to: (i) amend the determination of Market Value under the PSU Plan in respect of any PSU; (ii) increase the maximum number of common shares reserved for issuance under the PSU Plan; (iii) expand the assignability or transferability of PSUs; (iv) amend the amendment provision of the PSU Plan; (v) add to the categories of eligible participants; (vi) remove or increase insider participation limits; (vii) grant additional amendment powers to the board of directors in respect of the PSU Plan or any PSU thereunder; and (viii) make any other amendment that requires shareholder approval under the rules of the TSX.

If a redemption date or payout date for a PSU would otherwise occur during or within ten (10) business days after the end of a black out period imposed by the Corporation, then the period during which such PSU may be redeemed and paid out shall be extended automatically to 5:00 p.m. (Calgary time) on the tenth business day after the last day of such black out period.

Number of Common Shares Issued and Issuable

As indicated above, the maximum number of common shares that will be issuable under the PSU Plan and all other share compensation arrangements of the Corporation (including the Option Plan) is 10% of the issued and outstanding common shares from time to time. The following table summarizes, as at the date indicated: (a) the aggregate number of common shares issued on the redemption of Equity PSUs; (b) the number of equity-based PSUs outstanding; (c) the number of Equity PSUs remaining available for issuance; and (d) the foregoing numbers expressed as a percentage of the outstanding common shares on the applicable date.

			PSUs[1]			
Date	**Common Shares Issued on Redemption of PSUs**		**Outstanding**		**Remaining Available for Issuance**	
	(#)	**(%)[2]**	**(#)**	**(%)[2]**	**(#)[3]**	**(%)[2]**
December 31, 2019	104,865	0.07	752,066	0.52	1,533,815	1.06

Notes:

(1) Since May 9, 2017, when the Corporation received shareholder approval of the PSU Plan which allowed PSUs to be settled in common shares issued from treasury. Prior thereto, all PSUs were settled in cash.

(2) Expressed as a percentage of the outstanding common shares on that date.

(3) Assuming no additional options are issued.

Burn Rate

Year[1]	**Common Shares Outstanding[2]**	**Equity PSUs Granted**		**Common Shares Issued on Exercise of Equity PSUs[3]**	
	(#)	**(#)**	**(%)[4]**	**(#)**	**(%)[4]**
2018	144,041,910	327,918	0.23	Nil	N/A
2019	144,564,590	613,406	0.42	104,865	0.07

Notes:

(1) Prior to 2018, there were no PSUs granted that may be settled in common shares issued from treasury, and accordingly no burn rate disclosure has been provided for such periods.

(2) Expressed as the weighted average number of common shares outstanding during the period. This is the number of common shares outstanding at the beginning of the period, adjusted by the number of common shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the common shares are outstanding as a proportion of the total number of days in the period. The weighted average number of common shares outstanding is calculated in accordance with the CPA Canada Handbook.

(3) Each Equity PSU entitles the holder thereof to acquire one common share.

(4) Expressed as a percentage of the weighted average number of common shares outstanding during the period.

Equity Compensation Plan Information as at December 31, 2019

Plan Category	Number of common shares to be issued upon exercise of outstanding options and Equity PSUs	Weighted-average exercise price of outstanding options	Number of shares remaining available for future issuance under equity compensation plans (excluding outstanding options and Equity PSUs)
Equity compensation plans approved by shareholders			
Option Plan	12,203,008	$3.16	1,533,815[(1)]
PSU Plan	752,066	N/A	1,533,815[(2)]
Equity compensation plans not approved by shareholders	-	-	-
Total	12,955,074	-	1,533,815[(3)]

Notes:

(1) The total number of options available as at December 31, 2019 (assuming no additional Equity PSUs are issued).

(2) The total number of PSUs available as at December 31, 2019 (assuming no additional options are issued).

(3) The number of shares available for issuance under the Option Plan and PSU Plan is equal to 10% of the issued and outstanding common shares of the Corporation.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

On November 12, 2010, the Corporation loaned Fernando Aguilar, the Corporation's President and Chief Operating Officer at that time, $2,500,000 for the purpose of facilitating the purchase of common shares of the Corporation on the TSX. The original loan agreement was for a term of five years and the applicable interest rate during such term was 3.375% per annum, payable annually. Effective February 24, 2015, the Corporation and Mr. Aguilar entered into an amended and restated loan agreement which extended the repayment date to November 12, 2020, and changed the applicable interest rate to a floating rate of interest equal to the prescribed rate of interest for the purpose of subsection 80.4(1) of the *Income Tax Act* (Canada), as set out in section 4301(c) of the *Income Tax Regulations* (Canada), or any successor provision thereto. The loan agreement was subsequently amended in December 2016, effective February 24, 2015, to make it non-interest bearing. The loan agreement was further amended on June 7, 2019 to provide for: (a) an extension of the maturity date of the loan to November 12, 2035; (b) a mandatory settlement of the loan if the trading price of the common shares of the Corporation on the TSX (or such other exchange on which such shares may then be listed) reaches or exceeds $14.77; and (c) an option for Mr. Aguilar's estate to repay the loan with the shares pledged to the Corporation pursuant to the Loan Agreement in the event that Mr. Aguilar passes away prior to the maturity date of the loan. The loan is on a non-recourse basis and is secured by the 169,200 common shares acquired with the loan proceeds.

	AGGREGATE INDEBTEDNESS	
Purpose	**To the Corporation or its Subsidiaries**	**To Another Entity**
Share Purchases	$2,500,000	-
Other	-	-

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER (1) SECURITIES PURCHASE AND (2) OTHER PROGRAMS

Name and Principal Position	Involvement of Corporation or Subsidiary	Largest Amount Outstanding During 2019	Amount Outstanding as at March 17, 2020	Financially Assisted Securities Purchases During 2019 (#)	Security for Indebtedness	Amount Forgiven During 2019
Fernando Aguilar, (Former) President and Chief Executive Officer(1)	Corporation	$2,500,000	$2,500,000	-	169,200 common shares of the Corporation	-

Note:

(1) Mr. Aguilar became the President and Chief Executive Officer effective January 1, 2014, and retired as President and Chief Executive Officer effective June 7, 2019.

CORPORATE GOVERNANCE PRACTICES

Corporate governance relates to the activities of the Corporation's board of directors, the members of which are elected by and are accountable to the Corporation's shareholders. The Corporation's board of directors views effective corporate governance as an essential element for the ongoing well-being of the Corporation and its shareholders. With that in mind, the board of directors reviews the Corporation's corporate governance practices on an ongoing basis to ensure that they provide for effective stewardship of the Corporation.

The following disclosure of the Corporation's corporate governance practices is presented pursuant to the requirements of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101").

Board of Directors

Independence

The board of directors has reviewed the status of each director nominee to determine whether such individuals are "independent" as defined in NI 58-101. This review included the completion of self-assessment questionnaires by each of such individuals and a detailed review of such questionnaires by the Corporation and its legal counsel. As a result of such review, and after consideration of all business, charitable, family and other relationships among the director nominees and the Corporation, the board has determined that each director nominee other than Ronald P. Mathison, the Corporation's Executive Chairman and Lindsay R. Link, the Corporation's current President and Chief Operating Officer, are independent within the meaning of NI 58-101. Messrs. Mathison and Link are not independent as they are current executive officers of the Corporation.

Board Meetings and Attendance Record

The board of directors generally meets a minimum of four times a year and additionally during the year as the need arises. The frequency and length of meetings and the nature of agenda items depend upon the circumstances. Meetings are detailed and well attended and are conducted in an atmosphere that encourages participation and independence. In order to promote candid discussion among the independent directors, in-camera sessions are held at every board and committee meeting, from which Ronald P. Mathison and Lindsay R. Link, currently the only non-independent directors, and any management invitees in attendance are excused. Information regarding the number of board and committee meetings held in 2019 and the attendance at such meetings is provided under the heading "Business of the Meeting – Election of Directors".

Other Directorships

Information in respect of other directorships of reporting issuers held by director nominees is provided under the heading "Business of the Meeting – Election of Directors". Messrs. Mathison and Gartner serve together on the board of directors of Western Energy Services Corp.

Chairman

Ronald P. Mathison has been Chairman of the Corporation since its formation in 1999 and he was appointed Executive Chairman effective June 10, 2019. As Executive Chairman, Mr. Mathison is not considered an independent director. As such, Mr. Fletcher was appointed as the independent Lead Director of the Corporation effective June 10, 2019.

The primary duties and responsibilities of the Lead Director are as follows: (a) act as a leader for the independent directors; (b) serve as an independent contact for directors on matters deemed to be inappropriate to be discussed initially with the Executive Chairman or other situations where the Executive Chairman is not available; (c) hold one-on-one discussions with the directors when the Corporate Governance and Nomination Committee or the board of directors requests; (d) communicate with the Executive Chairman and President of the Corporation so that he is aware of concerns of the independent directors, shareholders and other stakeholders; (e) be available to counsel the Executive Chairman on matters appropriate for review in advance of discussion with the full board; (f) organize and present the agenda for *in camera* independent director meetings based on input from directors and management; (g) preside over *in camera* independent director meetings and conduct meetings in an efficient, effective and focused manner; (h) oversee the distribution of information to independent directors for purposes of *in camera* independent directors' meetings in manageable form, sufficiently in advance of the meetings; and (i) perform such other duties and responsibilities as may be requested by the board from time to time.

Board Mandate

The mandate of the board of directors sets out the board's purpose, organization, duties and responsibilities. A copy of the mandate is attached to this Circular as Appendix A. The board mandate and the charters for each of the Corporation's four standing committees discussed below are reviewed annually and approved with any changes deemed appropriate at the time of review and approval.

Position Descriptions

The board of directors has developed written position descriptions for the Executive Chairman, Vice Chairman, Lead Director as well as the chair of each board committee. The board has also developed a written position description for the President.

Orientation and Continuing Education

All directors are provided with a director's manual, which includes a copy of all board and committee mandates and policies, the Corporation's by-laws, a reference manual of pertinent corporate information and other reference materials, and are introduced to senior management and the other directors. New directors are given a presentation on the Corporation and its position in the oilfield services sector by the Corporation's President. Although the Corporation does not have a formal continuing education program for its directors, all directors are afforded opportunities to supplement their knowledge of the technical and operating aspects of the Corporation's business through trips to the field and operating districts to witness the Corporation's operations firsthand and are provided direct exposure to the Corporation's management and operations personnel at technical presentations for the Corporation's clients and employee base held at the Corporation's head office and Technology and Training Center in Calgary. In addition, the Corporation's board of directors and its committees attend presentations and receive educational information and/or materials on a variety of topics. For example, during 2019:

- the Audit Committee received reports on new and emerging issues in its areas of responsibility including new International Financial Reporting Standards pronouncements; and

- the Corporate Governance and Nominating Committee received updates with respect to corporate governance trends and current governance issues from the Corporation's internal legal advisors.

The nominees for election as directors of the Corporation include individuals with significant experience as directors of public and private corporations who understand the role of a board of directors and its committees, as well as the contributions that individual directors are expected to make. Notwithstanding this experience, the Corporation supports the continuing education of its directors through attendance at relevant external education programs and seminars which may be deemed by any of the directors as being beneficial for the maintenance or enhancement of their skills and abilities. In 2019, the directors participated in the following continuing education activities with external parties, among others:

- Mr. Mathison attended the Peters & Co. Energy Conference, the Spruce Meadows Changing Fortunes Round Table Meeting, the Lake Louise World Cup Business Forum, the REALPAC Conference, the Business Council of Canada and Business Council of Alberta members' meetings and various seminars and luncheons hosted by external parties;

- Mr. Ramsay attended the Peters & Co. Energy Conference, the Spruce Meadows Changing Fortunes Round Table Meeting and the Canadian Energy Executive Association Conference;

- Mr. Baker attended a seminar offered by CT Corporation relating to mergers and acquisitions in the United States;

- Mr. Fletcher attended a number of seminars and courses offered by the Institute of Corporate Directors, the Haskayne School of Business and various law firms and accounting firms relating to topics such as corporate governance, succession planning, executive compensation, cybersecurity, commodity price outlooks, industry conditions and securities laws; and

- Mr. Gartner attended a number of seminars and courses offered by the Institute of Corporate Directors and various accounting firms.

Ethical Business Conduct

The Corporation has a written code of business conduct and ethics for its directors, officers and employees. A copy of the code of business conduct and ethics may be found on SEDAR at www.sedar.com. The board has delegated to senior management the responsibility for monitoring compliance with the code of business conduct and ethics. To the knowledge of the board, there have been no departures from the code that would necessitate the filing of a material change report.

The board of directors is of the view that a culture of strong corporate governance and ethical business conduct must be endorsed by the board and the Corporation's executive officers. The Corporation's code of business conduct and ethics addresses many areas of business conduct and provides a procedure for employees to raise concerns or questions regarding the conduct of the Corporation's directors, officers and employees.

The code of business conduct and ethics also obligates directors, officers, employees and consultants to promote high standards of ethical conduct that prohibit and eliminate the occurrence and appearance of conflicts between the best interests of the Corporation and the private or personal interests of any director, officer, employee or consultant. Any potential conflict of interest must be immediately disclosed to the President and the chair of the Corporate Governance and Nominating Committee, who are charged with the authority to make any required determinations in respect of such potential conflict of interest.

In addition, the board of directors has established a whistleblower policy which permits any officer or employee to submit, on a confidential, anonymous basis, any complaints or concerns regarding the manner in which the Corporation conducts its business, including violations of law, rules, regulations or the code of business conduct and ethics, and concerns regarding accounting, internal accounting controls or auditing matters. Reports may be filed anonymously via the telephone or internet, through an ethics hotline hosted by an external service provider. The board believes that providing a forum to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct within the Corporation's organization.

The board of directors has also adopted an anti-bribery and anti-corruption policy which is intended to ensure that the Corporation does not receive an improper advantage in its business dealings and to ensure that all payments and expenses are lawful and properly recorded in the Corporation's financial books and records. The policy provides guidance on dealing with agents, contractors and public officials, acceptance of gifts, making political and charitable contributions and dealing with certain types of payments. Employees are obligated to report any violations of the policy to the General Counsel, who has been appointed by the board to oversee the administration of the policy and is responsible for determining the most appropriate method to investigate the substance of the claims and ensure that there is appropriate monitoring of progress until the matter has been satisfactorily resolved. A mandatory online e-learning course has been implemented for all employees to facilitate in-depth instruction regarding the anti-bribery and anti-corruption policy. The General Counsel reports on the policy and its effectiveness, at least annually, to the board of directors.

Nomination of Directors

The Corporate Governance and Nominating Committee is responsible for proposing director nominees to the board of directors and annually reviews both the size and the composition of the board to ensure that the board is populated with an appropriate number of directors who collectively possess the competencies identified by the Committee as being critical to the effectiveness of the board as a whole. As part of this process, the Corporate Governance and Nominating Committee considers the skills and experience set out in the matrix below when assessing the requirements of the board as a whole with regard to each individual director's qualifications; in addition, each candidate for director must have appropriate personal characteristics, including integrity, judgment and communication skills. The skills and experience in the biographies for the director nominees contained herein are those areas in which the director nominee is most skilled or experienced.

Skills and Experience Description	Number of Nominees with such Skills and Experience	Names of Nominees with such Skills and Experience
Business – experience in either the oil and gas services industry or oil and gas exploration and production sectors.	7	Ronald P. Mathison Lindsay R. Link Douglas R. Ramsay Kevin R. Baker James S. Blair Gregory S. Fletcher Lorne A. Gartner
Board – executive experience as a board/committee member of a public company other than the Corporation; familiarity with corporate governance best practices.	6	Ronald P. Mathison Douglas R. Ramsay Kevin R. Baker James S. Blair Gregory S. Fletcher Lorne A. Gartner
International – business experience in countries where the Corporation is or may become active and/or experience with different cultures, political regimes and regulatory requirements.	7	Ronald P. Mathison Douglas R. Ramsay Lindsay R. Link Kevin R. Baker James S. Blair Gregory S. Fletcher Lorne A. Gartner
Operational – experience in a managerial/officer role of a company operating in the oil and gas services industry or oil and gas exploration and production sectors.	5	Douglas R. Ramsay Lindsay R. Link Kevin R. Baker James S. Blair Gregory S. Fletcher

Skills and Experience Description	Number of Nominees with such Skills and Experience	Names of Nominees with such Skills and Experience
Financial – executive experience in public financial accounting and reporting; corporate finance including debt and equity and capital markets; and familiarity with internal financial controls and procedures.	7	Ronald P. Mathison Douglas R. Ramsay Lindsay R. Link Kevin R. Baker James S. Blair Gregory S. Fletcher Lorne A. Gartner
Legal – experience as a legal practitioner.	1	Kevin R. Baker
Compensation – executive experience or board compensation committee participation with an understanding of (i) executive compensation programs, incentives and perquisites, and (ii) succession planning, talent development and retention.	7	Ronald P. Mathison Douglas R. Ramsay Lindsay R. Link Kevin R. Baker James S. Blair Gregory S. Fletcher Lorne A. Gartner
Strategic Growth – executive experience in strategic insight, innovation and business development, including the assessment of key trends and industry fundamentals to continually challenge the Corporation in expanding its vision and growth.	7	Ronald P. Mathison Douglas R. Ramsay Lindsay R. Link Kevin R. Baker James S. Blair Gregory S. Fletcher Lorne A. Gartner
Health, Safety and Environment – experience and/or an understanding of the health, safety and environmental challenges facing the Corporation and its responsibility to protect the environment and ensure safe and healthy operations for its employees, customers and stakeholders.	6	Douglas R. Ramsay Lindsay R. Link Kevin R. Baker James S. Blair Gregory S. Fletcher Lorne A. Gartner

The Corporate Governance and Nominating Committee consists of four members, each of whom is independent. The charter of the Corporate Governance and Nominating Committee sets out, among other things, the following duties and responsibilities:

- consider the membership needs of the board and its committees and make recommendations with a view to fulfilling such needs;

- review the composition of the board and its committees and make recommendations to the board designed to ensure that appropriate numbers of directors sit on the board and its committees and that the directors collectively have the competencies and skills that the board considers to be necessary for the board as a whole to possess;

- following consultation with the Chairman of the board, identify, evaluate and make recommendations to the board regarding appropriate committees of the board to be established, the charter for each committee, and the chair of each committee; and

- review and assist, where appropriate, in management succession planning and professional development planning for the officers of the Corporation.

Compensation

The Compensation Committee, and the board of directors upon receiving the recommendations of the Compensation Committee, is responsible for reviewing the overall compensation strategy of the Corporation. The Compensation Committee consists of four members, each of whom is independent. The charter of the Compensation Committee sets out, among other things, the following duties and responsibilities:

- review annually and recommend for approval to the board of directors the compensation policies and guidelines for the Corporation, together with the Corporation's corporate goals and objectives relevant to compensation;

- review annually and report to the board of directors on any risk implications associated with the Corporation's compensation policies and practices;

- review annually and recommend for approval to the board of directors the salaries and compensation of the Corporation's officers;

- conduct annually and report to the board of directors the results of performance appraisals of the President and other officers as appropriate;

- review and recommend for approval to the board of directors grants of stock options or other equity-based compensation;

- review annually the Corporation's employee incentive plans, benefit plans and bonus plans, and review and recommend for approval to the board of directors any amendments thereto;

- review management's reports to the Compensation Committee on human resource issues;

- review annually and recommend for approval to the board of directors the executive compensation disclosure of the Corporation in its management information circular;

- review annually and recommend for approval to the board of directors the compensation arrangements for the directors of the Corporation, the Chairman of the board of directors and the chair and members of each committee of the board of directors;

- review and approve any management contracts, change of control agreements, indemnity agreements and significant consulting contracts; and

- review and approve any requests by management to engage a compensation consultant to provide services related to executive or board compensation matters.

The Compensation Committee has the authority to retain consultants, including compensation consultants or advisors, as the Committee may determine necessary or advisable to carry out its responsibilities.

Board Committees

The Corporation's board of directors has four standing committees: the Audit Committee, the Corporate Governance and Nominating Committee, the Compensation Committee and the Health, Safety, Environment and Quality Committee. Details in respect of the Corporate Governance and Nominating Committee and the Compensation Committee are provided above. The information about the Audit Committee required by National Instrument 52-110 *Audit Committees* is disclosed in the Corporation's Annual Information Form in the "Audit

Committee Information" section and a copy of the Audit Committee mandate is attached as Appendix A to the Corporation's Annual Information Form filed on SEDAR at www.sedar.com.

The Health, Safety, Environment and Quality Committee is responsible for monitoring the health, safety, environment and quality practices, procedures and performance of the Corporation and its subsidiaries and for monitoring compliance with applicable legislation and conformity with industry standards. The Committee is also responsible for reviewing management reports and, when appropriate, making recommendations to the board of directors on the Corporation's policies and procedures related to health, safety, the environment and quality. The Health, Safety, Environment and Quality Committee consists of four members, each of whom are independent.

Assessments

The board of directors, its committees and individual directors are formally assessed at least annually with respect to effectiveness and overall contribution. The objective of the process is to increase the effectiveness of the board of directors and its committees, maximize each director's contribution and fully consider the full roles the directors are playing. The assessment is conducted by the Corporate Governance and Nominating Committee through the completion of a detailed questionnaire that assesses each director and board committee and facilitates a comprehensive peer review. The responses to such questionnaires are summarized by outside counsel in order to preserve the confidentiality of the process and ensure that meaningful feedback is provided, and are reviewed and assessed by the Corporate Governance and Nominating Committee which in turn presents the results, together with recommendations for improving the board's composition, to the board of directors. In addition, the chair of the Corporate Governance and Nominating Committee meets with each director individually to discuss any concerns or suggestions with respect to governance matters and overall board functioning.

Director Term Limits and Board Renewal

The Corporation has not adopted a director term or age limit because it does not believe that such limits are in the best interests of shareholders as they can restrict experienced and valuable directors from service through arbitrary means. While new directors may bring fresh perspectives and new experience, the board of directors believes that a longer serving director can make a growing contribution to the board over time through the accumulation of valuable knowledge regarding the Corporation's business, including industry trends and cycles, market conditions and geo-political influences.

As an alternative to term limits, the board of directors, in conjunction with the Corporate Governance and Nominating Committee and external counsel, assesses the need for board renewal annually by reviewing each director's effectiveness and contributions to the board of directors as described under the headings "Corporate Governance Practices – Nomination of Directors" and "Corporate Governance Practices – Assessments". These assessments reflect the Corporation's focus on assembling a board of directors with the right mix of skills and experience to navigate the complex and critical issues faced by the Corporation.

The current directors have served on the board for between 1 to 18 years, with the average tenure being approximately 12.7 years.

Board Diversity

The board of directors believes that the Corporation's directors should possess backgrounds, qualifications and attributes that, when taken together, provide the Corporation with a broad range of skills and experience. The Corporation has adopted a Diversity Policy (the "Board Diversity Policy") to accommodate and encourage the respect for, and appreciation of, the aspects of diversity in a broad sense, including in gender, age, ethnic origin, religion, education, sexual orientation and disability. Pursuant to the Board Diversity Policy, the Corporation will seek to balance the need to secure board members that are best qualified, based upon merit, to meet the Corporation's needs with the benefits of diversity in leadership roles. As a result, in seeking nominees to fill any future vacancies on the board of directors, the Board Diversity Policy provides that the Corporate Governance and Nominating Committee will:

- ensure the engagement of a third party search firm;

- instruct the search firm to include gender diversity as one of the criteria in assessing potential candidates; and

- instruct the search firm to make best efforts to ensure at least one or more female candidates are included in the list of candidates presented for the Corporate Governance and Nominating Committee's consideration. If no suitable female candidate is identified, the search firm shall be asked to explain the efforts undertaken to identify a female candidate.

The Corporate Governance and Nominating Committee is responsible for recommending candidates to the board of directors for nomination. When considering potential director nominees, the Corporate Governance and Nominating Committee will review available information regarding each potential candidate that has been identified by the third party search firm, including qualifications, experience, integrity, judgment and communication skills, as well as race, gender and ethnicity. The potential director nominees that the Corporate Governance and Nominating Committee considers to be the best qualified, based on merit, to meet the Corporation's needs will be recommended to the board of directors for nomination. Additional information on the director nomination process is discussed under the heading "Corporate Governance Practices – Nomination of Directors".

The Board Diversity Policy has been approved by the Corporation's board of directors and is overseen by the Corporate Governance and Nominating Committee. On a periodic basis, the Corporate Governance and Nominating Committee will review the Board Diversity Policy and recommend any amendments deemed appropriate.

Consideration of the Representation of Women in the Director Identification and Selection Process

The Board Diversity Policy governs the selection of director nominees and requires the board of directors to consider diversity factors, including gender, in the appointment of all new directors. The Board Diversity Policy requires that the Corporation consider candidates on merit, using objective criteria, while recognizing the benefits of diversity and the needs of the board of directors. To meet the objectives of the Board Diversity Policy the Corporate Governance and Nominating Committee will ensure:

(i) that retained third party search firm will be engaged to assist in filling future board vacancies;

(ii) that the search firm will be instructed to include gender diversity as one of the criteria in assessing potential candidates; and

(iii) that the search firm will be instructed to make best efforts to ensure that at least one or more female candidates is included in the list of candidates presented for the Committee's consideration. If no suitable female candidate is identified, the search firm will be asked to provide an explanation of the efforts undertaken to identify a female candidate.

Consideration Given to the Representation of Women in Executive Officer Appointments

The Corporation supports and encourages diversity at all levels of the organization, including the board of directors. The Corporate Governance and Nominating Committee considers diversity when evaluating new candidates for director and executive positions. However, the board has not adopted a written policy relating to the identification and nomination of women executive officers or set specific minimum targets for executive officer composition at this time. The Board does not believe that it is in the Corporation's best interest to implement arbitrary targets with respect to executive officer composition.

Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

The Corporation, the board of directors and management are committed to developing a diverse and inclusive work environment. To this end, the Corporation intends to satisfy the following targets for female representation on the board of directors, and will continue to foster diversity within the Corporation's management team:

- the Corporation intends to appoint a female director to the board by the Corporation's 2020 annual meeting of shareholders; and

- the Corporation will endeavor to appoint a second female director by the end of 2022.

With respect to the first target above, the Corporation has initiated an active director search which will continue beyond the 2020 annual meeting of shareholders in the event that the target is not satisfied. The Corporation will also seek to establish other measurable objectives for increasing diversity in leadership as it continues to develop its overall approach to diversity.

Women on the Board and in Executive Officer Positions

As at December 31, 2019, none of the Corporation's seven directors (0%) and none of the Corporation's sixteen executive officers (0%) are women.

Risk Oversight

The board of directors is responsible for understanding the principal risks of the business in which the Corporation is engaged, achieving a proper balance between risks incurred and the potential return to shareholders, and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

The full board of directors is actively involved in overseeing risk management for the Corporation. It does so in part through its oversight of the Corporation's Risk Committee, which is comprised of a cross-section of senior management, including the President and Chief Operating Officer, Chief Financial Officer and General Counsel as permanent members. The Risk Committee meets annually, or as required, to ensure that all potential material risks facing the Corporation are identified and that appropriate mitigation measures are implemented. The Risk Committee minutes are delivered to the board of directors after each meeting and there is a comprehensive presentation to the board each year regarding the Risk Committee's risk mapping and mitigation efforts for the prior year.

While the board of directors is ultimately responsible for risk oversight, the board's committees also have been allocated responsibility for specific aspects of risk oversight. In particular, the Audit Committee assists the board in fulfilling its oversight responsibilities with respect to risk management in the areas of financial reporting, internal controls, risk assessment and risk management. The Compensation Committee assists the board in fulfilling its oversight responsibilities with respect to the risks arising from the Corporation's compensation policies and programs. The Health, Safety, Environment and Quality Committee assists the board in fulfilling its oversight responsibilities with respect to the risks associated with the Corporation's health, safety, environmental and quality objectives, policies and performance. The Corporate Governance and Nominating Committee assists the board in fulfilling its oversight responsibilities with respect to the risks associated with board organization, membership and structure, ethics and compliance, succession planning for directors and executive officers, and corporate governance. In addition, all board committees and the board of directors as a whole are focused on the importance of considering environmental, social and governance issues as part of the Corporation's license to operate and, as of 2020, all board meetings include a discussion of any relevant developments in those areas.

FEEDBACK FROM STAKEHOLDERS

The board of directors has assigned to the Executive Chairman of the board, the President and Chief Operating Officer, and the chair of the Corporate Governance and Nominating Committee the responsibility for bringing to the attention of the board any feedback received by them from shareholders and other stakeholders of the Corporation. Shareholders and other stakeholders are encouraged to provide such feedback by email to Ronald P.

Mathison, the Executive Chairman of the board, at rmathison@matcocap.com, to Lindsay R. Link, the President and Chief Operating Officer, at llink@calfrac.com, and to Kevin R. Baker, Q.C., the chair of the Corporate Governance and Nominating Committee, at kbaker@baycorcapital.com.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at www.sedar.com.

Information regarding the business of the Corporation is provided in the Corporation's current Annual Information Form. Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the year ended December 31, 2019. Shareholders may obtain copies of these documents and the Corporation's interim financial statements and additional copies of this Circular without charge by contacting the Corporate Secretary of the Corporation at 411 – 8th Avenue S.W., Calgary, Alberta, T2P 1E3 (phone: 403-266-6000; fax: 403-266-7381).

DATED March 25, 2020.

APPENDIX A

BOARD OF DIRECTORS MANDATE

The board of directors (the "Board") of Calfrac Well Services Ltd. ("Calfrac") is responsible for the stewardship of Calfrac and for overseeing the conduct of the business of Calfrac and the activities of management, who are responsible for the day-to-day conduct of the business.

Composition and Operation

The Board operates by reserving certain powers to itself and delegating certain of its authorities. The Board retains responsibility for managing its own affairs, including selecting its chair, nominating candidates for election to the Board, constituting committees of the Board, appointing the chairs of committees of the Board, and determining director compensation. Subject to the articles and by-laws of Calfrac and the *Business Corporations Act* (Alberta), the Board may constitute committees of the Board and seek the advice of, and delegate powers, duties and responsibilities to, its committees and management.

Responsibilities

The Board's primary responsibilities are to preserve and enhance long-term shareholder value and to ensure that Calfrac meets its obligations on an on-going basis and operates in a reliable and safe manner. In performing its duties, the Board should also consider the legitimate interests of other stakeholders, such as employees, customers and communities, may have in Calfrac. In broad terms, the Board's stewardship of Calfrac involves strategic planning, risk management and mitigation, executive management appointment and assessment, communication planning, and internal control integrity. More specifically, the Board is responsible for

(a) satisfying itself as to the integrity of the president (the "President") and other executive officers and ensuring that the President and other executive officers create a culture of integrity throughout the organization,

(b) adopting a business planning process and approving, on an annual basis, a business plan for Calfrac which takes into account, among other things, the opportunities and risks of the business,

(c) identifying the principal risks of Calfrac's business and ensuring the implementation of appropriate systems to manage these risks,

(d) succession planning, including appointing, training and monitoring senior management,

(e) adopting a communication policy for Calfrac that includes measures for receiving feedback from stakeholders,

(f) monitoring the integrity of Calfrac's internal control and management information systems,

(g) developing Calfrac's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to Calfrac, and

(h) on an individual basis, attending Board meetings, reviewing meeting materials in advance of meetings, and complying with the other expectations and responsibilities of directors of Calfrac established by the Board.

In discharging these responsibilities and the specific duties set out below, the Board will utilize and direct management of Calfrac to the extent the Board considers to be appropriate.

Specific Duties

The Board's specific duties, obligations and responsibilities fall into the following categories.

1. Legal Requirements

(a) The Board has oversight responsibility for Calfrac's satisfaction of its legal obligations and for the preparation and maintenance of Calfrac's documents and records.

(b) The Board has the statutory obligation to

(i) manage the business and affairs of Calfrac, and

(ii) act in accordance with its obligations under the *Business Corporations Act* (Alberta) and the regulations thereunder, Calfrac's articles and by-laws, and other relevant legislation and regulations,

and each director of Calfrac in exercising the director's powers and discharging the director's duties has the statutory obligation to

(iii) act honestly and in good faith with a view to the best interests of Calfrac, and

(iv) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(c) The Board has the statutory obligation to consider the following matters as a board of directors and may not delegate to management or to a committee of the Board any authority with respect to these matters:

(i) submit to the shareholders any question or matter requiring the approval of the shareholders,

(ii) fill a vacancy among the directors or in the office of auditor,

(iii) issue securities except in the manner and on the terms authorized by the Board,

(iv) declare dividends,

(v) purchase, redeem or otherwise acquire shares issued by Calfrac, except in the manner and on the terms authorized by the Board,

(vi) pay a commission to any person in consideration of the person's purchasing or agreeing to purchase shares of Calfrac from Calfrac or from any other person, or procuring or agreeing to procure purchasers for shares of Calfrac, except in the manner and on the terms authorized by the Board,

(vii) approve any management proxy circular relating to a solicitation of proxies by or on behalf of the management of Calfrac,

(viii) approve any take-over bid circular or directors' circular,

(ix) approve any annual financial statements of Calfrac, or

(x) adopt, amend or repeal by-laws.

2. *Independence*

The Board is responsible for implementing appropriate structures and procedures to permit the Board to function independently of management.

3. *Strategic Planning*

The Board is responsible for ensuring that there are long-term goals and a strategic planning process in place for Calfrac and participating with management directly or through its committees in approving the strategic plans by which Calfrac proposes to achieve its goals.

4. *Risk Management*

The Board is responsible for understanding the principal risks of the business in which Calfrac is engaged, achieving a proper balance between risks incurred and the potential return to shareholders, and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of Calfrac.

5. *Appointment, Training and Monitoring of Senior Management*

The Board is responsible for

(a) appointing the President of Calfrac, monitoring and assessing the President's performance, determining the President's compensation, and providing advice and counsel to the President in the execution of the President 's duties,

(b) approving the appointment and remuneration of all other officers of Calfrac, and

(c) confirming that adequate provision has been made for the training and development of management and for the orderly succession of management.

6. *Reporting and Communication*

The Board is responsible for

(a) verifying that Calfrac has in place policies and programs to enable Calfrac to communicate effectively with its shareholders, other stakeholders and the public generally,

(b) verifying that the financial performance of Calfrac is adequately reported to shareholders, other security holders, regulators and the public on a timely and regular basis,

(c) verifying that Calfrac's financial results are prepared and reported fairly and in accordance with generally accepted accounting principles,

(d) verifying the timely reporting of any other developments that have a material effect on Calfrac, and

(e) reporting annually to shareholders on the Board's stewardship of the affairs of Calfrac for the preceding year.

The Board has assigned to the chair of the Board, the President, and the chair of the Corporate Governance and Nominating Committee responsibility for bringing to the attention of the Board feedback received by them from shareholders and other stakeholders of Calfrac. To encourage and facilitate such feedback, instructions for contacting these individuals will be disclosed annually in Calfrac's management information circular and will be posted on Calfrac's web site.

7. *Monitoring and Acting*

The Board is responsible for

(a) verifying that Calfrac operates at all times within applicable laws and regulations to the highest ethical standards,

(b) approving and monitoring compliance with the significant policies and procedures by which Calfrac is operated,

(c) verifying that Calfrac sets high environmental standards in its operations and is in compliance with environmental laws and regulations,

(d) verifying that Calfrac has in place appropriate programs and policies for the health and safety of its employees in the workplace,

(e) monitoring Calfrac's progress toward its goals and objectives and revising and altering its direction through management in response to changing circumstances,

(f) taking action when Calfrac's performance falls short of its goals and objectives or when other special circumstances warrant,

(g) verifying that Calfrac has implemented adequate information systems, disclosure controls and procedures, and internal control over financial reporting,

(h) ensuring that the Board receives from senior management on a timely basis the information and input required to enable the Board to effectively perform its duties,

(i) adopting a written code of business conduct and ethics and monitoring compliance with the code, and

(j) conducting and acting upon annual assessments and evaluations of the Board, committees of the Board and individual directors.

8. *Other*

The Board may exercise or delegate any other powers consistent with this mandate, Calfrac's articles and by-laws, and any governing laws, as the Board deems necessary or appropriate. The powers of the Board may be exercised by a resolution passed at a meeting of the Board at which a quorum is present or by a resolution in writing signed by all of the directors entitled to vote on that resolution at a meeting of the Board. If there is a vacancy in the Board, the remaining directors may exercise all the powers of the Board so long as a quorum remains in office.

Reviewed and approved on March 4, 2020.