Q3 THIRD QUARTER INTERIM REPORT
For the Three and Nine Months Ended September 30, 2012

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	**2012**	2011	Change
(C$000s, except per share and unit data) (unaudited)	**($)**	($)	(%)	**($)**	($)	(%)
Financial						
Revenue	**417,842**	440,491	(5)	**1,227,729**	1,047,355	17
Operating income [(1)]	**70,604**	126,527	(44)	**213,795**	262,464	(19)
EBITDA [(1)]	**70,874**	102,042	(31)	**217,605**	249,536	(13)
Per share – basic	**1.59**	2.33	(32)	**4.92**	5.72	(14)
Per share – diluted	**1.58**	2.30	(31)	**4.87**	5.62	(13)
Net income attributable to the shareholders of Calfrac before foreign exchange losses or gains [(2)]	**26,888**	69,017	(61)	**81,858**	120,708	(32)
Per share – basic	**0.60**	1.58	(62)	**1.85**	2.77	(33)
Per share – diluted	**0.60**	1.56	(62)	**1.83**	2.72	(33)
Net income attributable to the shareholders of Calfrac	**26,917**	47,381	(43)	**85,903**	108,530	(21)
Per share – basic	**0.60**	1.08	(44)	**1.94**	2.49	(22)
Per share – diluted	**0.60**	1.07	(44)	**1.92**	2.44	(21)
Working capital (end of period)	**353,182**	375,823	(6)	**353,182**	375,823	(6)
Total equity (end of period)	**783,091**	632,889	24	**783,091**	632,889	24
Weighted average common shares outstanding (000s)						
Basic	**44,558**	43,767	2	**44,214**	43,649	1
Diluted	**44,949**	44,337	1	**44,723**	44,436	1
Operating (end of period)						
Pumping horsepower (000s)				**845**	656	29
Coiled tubing units (#)				**29**	29	–
Cementing units (#)				**25**	23	9

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.

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

CEO's MESSAGE

I am pleased to present Calfrac's operating and financial highlights for the three and nine months ended September 30, 2012 and to discuss the Company's prospects for the remainder of 2012 and beyond. During the third quarter, the Company:

- achieved strong third quarter revenue, despite customers continuing to adjust their capital spending programs due to the ongoing weakness in natural gas prices and volatility in crude oil prices; and
- remained active in the early-stage development of many emerging unconventional resource plays in North America.

FINANCIAL HIGHLIGHTS

For the three months ended September 30, 2012, the Company recorded:

- revenue of $417.8 million, a decrease of 5 percent from the third quarter of 2011 driven primarily by lower pricing in the United States combined with reduced activity in Canada due to a decline in overall drilling and completion activity in Canada as customers continued to adjust their capital spending programs due to the weakness in natural gas prices. The revenue decline in Canada and the United States was partially offset by strong growth in Calfrac's Latin American operations;
- operating income of $70.6 million versus $126.5 million in the same quarter of 2011, mainly due to the impact of competitive pricing pressures in the United States market combined with higher product costs in Canada and the United States;
- EBITDA of $70.9 million or $1.58 per share diluted versus $102.0 million or $2.30 per share diluted in the comparable quarter of 2011; and
- net income attributable to shareholders of Calfrac of $26.9 million or $0.60 per share diluted, including a $0.4 million foreign exchange gain, compared to net income of $47.4 million or $1.07 per share diluted in the third quarter of 2011, which included a primarily unrealized foreign exchange loss of $23.7 million.

For the nine months ended September 30, 2012, the Company generated:

- record year-to-date revenue of $1.2 billion versus $1.0 billion in the first nine months of 2011, led by strong growth in Calfrac's United States and Latin American operations;
- operating income of $213.8 million compared to $262.5 million in the same period of 2011, a decrease of 19 percent, mainly as a result of higher product costs and competitive pricing pressure in Canada and the United States;
- EBITDA of $217.6 million or $4.87 per share diluted versus $249.5 million or $5.62 per share diluted in the comparable period of 2011; and
- net income attributable to the shareholders of Calfrac of $85.9 million or $1.92 per share diluted compared to net income of $108.5 million or $2.44 per share diluted in the same period of 2011.

OPERATIONAL HIGHLIGHTS

Canada

Activity in the third quarter of 2012 began slowly due to the lingering effects of wet weather following an extended spring break-up, combined with the impact of lower crude oil prices and high Canadian differentials. In August and September, activity increased significantly and was mainly focused in the unconventional oil and liquids-rich plays of western Canada. While the Company experienced some pricing erosion, pricing stabilized as the quarter progressed and Calfrac believes that further pricing pressure is unlikely for the remainder of 2012, due to the Company's longstanding customer relationships and significant contract coverage in Canada.

During the third quarter the Company was engaged in many of the emerging liquids-rich natural gas and oil plays throughout western Canada, such as the Beaverhill Lake, Duvernay, Slave Point and Montney. Calfrac was particularly active in the Duvernay shale play. Several projects in these plays commenced in the third quarter and are expected to continue throughout the next couple of quarters. The Company expects that the development of these plays will drive further expansion of its Canadian division.

United States

Calfrac's third-quarter results in the United States were dampened by lower activity levels, increased pricing competition and higher input costs, which resulted in lower operating margins than in the second quarter. Calfrac's established presence in its operating areas, combined with significant contract coverage, lessened the impact of these factors on the Company's results for the third quarter. Calfrac remains focused on managing its commodity and logistical requirements for its operations. The significant industry shift to unconventional oil basins has resulted in high demand and costs for certain grades of proppant, guar and other chemicals, which had a negative impact on Calfrac's operating margins. Calfrac was able to avoid a more significant negative financial impact in the first half of the year by proactively purchasing sufficient guar to cover its requirements. However, the spike in the price of guar during the second quarter had a significant financial impact on the United States division's financial performance in the third quarter. As the cost of guar has begun to come back down in recent months, the Company expects this expense to decrease.

Pricing continued to deteriorate during the third quarter in all operating regions. Calfrac maintains a disciplined approach to pricing and will not compete for work that does not generate a suitable financial return. This resulted in lower levels of callout-related activity during the quarter, as the Company chose not to compete in what became a predatory pricing environment. The pricing decline is primarily driven by the greater availability of equipment due to the sharp decline in natural gas-oriented drilling and completions combined with the significant increase in fracturing capacity in the United States. However, Calfrac's contract-based strategy has provided some stability in revenue amidst a very competitive environment.

Calfrac has a large presence in the Bakken oil shale play and Marcellus shale natural gas play, which are among the most economic oil and natural gas producing plays in the United States. Late in the third quarter, the Company completed its new district facility in Smithfield, Pennsylvania, allowing Calfrac to efficiently service the southwest portion of the Marcellus shale play and most of the emerging Utica play. In addition, Calfrac is in the final stages of completing a new district facility in Williston, North Dakota, which will serve the Company's expanding presence in that region.

Russia

Third-quarter 2012 results for Calfrac's Russian operations demonstrated improvement in both revenue and operating margins from the second quarter of 2012. Improved weather, a more active customer base and Calfrac's proactive management of its operating cost structure combined to deliver the improvement.

Latin America

Calfrac attained record revenue in Mexico during the third quarter of 2012. The majority of the Company's activity was focused in the Chicontepec field, where new technologies are being deployed in an effort to improve the productivity of wells in this region. If such technologies are successful, the Company believes that this region will provide a solid platform for significant growth in Mexico. Cementing and coiled tubing activity in Argentina during the third quarter were consistent with the previous quarter. Calfrac continues to expand its geographical and customer base as development of several emerging shale natural gas and tight oil plays begin to gain momentum. During the third quarter, the Company commenced deploying fracturing equipment to Argentina and plans to begin operations before year-end. Calfrac continued to expand its cementing operations in Colombia during the third quarter and currently operates four cementing crews. The Company was successful in a recent long-term cementing services contract tender with one of the largest oil and gas producers in that country. This development is anticipated to be a growth driver for Calfrac's Colombian operations and it is expected that this emerging international market will grow measurably in the future.

OUTLOOK AND BUSINESS PROSPECTS

With the recent improvement in natural gas prices and the stability of crude oil prices, Calfrac remains optimistic that North American drilling and completion activity in 2013 will increase over 2012, primarily through the continued development of unconventional resource plays. Technological advancements being applied to tight oil producing reservoirs are expected to improve the economics of these plays and spur additional growth in the Company's oil-focused revenue base. The improvement in natural gas prices from historic lows is also projected to increase activity in Canada and the United States, resulting in higher equipment utilization for Calfrac.

The Company anticipates being active in the oil and natural gas resource plays of western Canada throughout the remainder of 2012 and into 2013, due to Calfrac's strong customer base and long-term contractual arrangements. Well completion activity in the numerous unconventional light oil plays is expected to grow as many of the emerging plays in the Western Canada Sedimentary Basin move to commercial development. However, the Company recognizes that lower crude oil prices and high Canadian crude oil differentials may dampen the cash flows and capital programs of its customer base. As a result, Calfrac will closely monitor its customers' 2013 capital spending plans and prudently adjust the Company's operations and cost structure, as required.

The natural gas resource plays of northwest Alberta and northeast British Columbia are some of the most economic gas-producing areas in North America and activity is expected to increase as the commodity price environment improves. Calfrac believes that activity in the liquids-rich reservoirs of the Deep Basin and Duvernay plays will continue to be strong throughout 2013 and could drive significant future demand for its fracturing and coiled tubing services. The Company is also maintaining a leadership position in the development of the Montney resource play and expects further operational efficiencies to be achieved through the expanded use of 24-hour operations as well as pads for completion work.

In the United States, the Company continues to proactively manage its business in a very competitive market. Pricing has deteriorated in many of the basins in which Calfrac operates, although this has been mitigated by the Company's contract position. As Calfrac has demonstrated in the past, it will remain keenly focused on managing its cost structure in order to maximize financial returns. The Company expects activity to decrease further in the fourth quarter of 2012 as some customers have completed a significant portion of their 2012 capital budgets. Lower pricing combined with reduced activity will likely result in lower operating margins in the fourth quarter. The Company remains optimistic that the recovery in natural gas prices combined with the stability in crude oil prices will bring more normalized activity levels in 2013.

Calfrac's two largest operating regions in the United States are the Bakken oil shale play in North Dakota and the Marcellus shale gas play in Pennsylvania and West Virginia. The Company operates four fracturing fleets in the Bakken, two of which are committed to one of the largest operators in the area under a long-term minimum commitment contract. While pricing has declined in the play generally, Calfrac believes that its contractual position will partially mitigate these pressures.

Calfrac believes that the Marcellus shale play has evolved into one of the most economic natural gas producing regions in the United States. The Company operates three large fracturing spreads in this region, two of which are supported by long-term minimum commitment contracts. Calfrac recently completed a state-of-the-art district facility in Smithfield, Pennsylvania to service this play. Through this base, the Company's operations are also well-positioned to service the Marcellus' liquids-rich area or "wet gas window", which is becoming more prominent. The facility will also provide the capacity to service a large portion of the emerging Utica shale play.

Calfrac expects that equipment utilization in Russia will remain relatively high throughout the remainder of 2012 based on its contract position and customer commitments to complete their 2012 capital programs. The Company remains focused on streamlining its operating costs in an effort to improve future financial performance. In addition, the introduction of new drilling and completion technologies in Western Siberia, including horizontal drilling and multi-stage completions, provide significant future potential to Calfrac. Although the adoption of these technologies is in its early stages, Russia has experienced an increase in the number of horizontal wells drilled and completed during 2012. Over the longer term, Calfrac expects that the fracturing of Russian natural gas wells will also become more prevalent as Russia is one of the world's largest natural gas producers. This is anticipated to also drive additional future demand for the Company's services.

The Mexican oilfield service environment continues to improve as Mexico's primary energy producer refocuses on onshore development. As a result, Calfrac anticipates that there will be additional opportunities to deploy horizontal technology to Mexico's producing regions. The Company expects to participate in many tenders over the next several quarters, which could form the basis of future growth in this market. In Argentina, the Company remains encouraged by the development of a number of unconventional resource plays, which is expected to drive oilfield activity over the longer term. Horizontal drilling combined with multi-stage fracturing will be key inputs for unlocking these reservoirs. To date very limited industry capacity has been sent in-country to service these emerging plays. In response to these market opportunities, Calfrac is in the midst of deploying fracturing equipment into Argentina, which is expected to commence operations late in the fourth quarter. The Company entered the Colombian oilfield service market in the third quarter of 2011. Calfrac has been very encouraged by recent developments in this region and expects that it will provide significant opportunities to carry out the Company's long-term strategy of deploying leading completion technology to regions with strong growth opportunities.

Equipment constructed as part of the Company's 2012 capital program is being delivered as planned and the Company expects that the majority will be deployed in late 2012 or early 2013. This capital program will be funded by cash on hand plus future cash flows. Calfrac's balance sheet is very strong and included working capital of $353.2 million and unused credit facilities of $246.5 million at the end of the third quarter. Subsequent to September 30, 2012, the Company increased its credit facilities from $250.0 million to $300.0 million and extended the term to September 27, 2016. This provides the Company with additional flexibility to pursue long-term growth opportunities as they arise.

I would also like to take this opportunity to thank John Grisdale for over ten years of service to Calfrac. John recently retired as President of the Company's United States Operating Division, a position he had held since 2007. The Company has initiated a search for John's replacement and, in the interim, Bruce Payne, Calfrac's Vice President, Global Operations, who served as President of Calfrac's Canadian Operating Division from 2009 to 2012, has been assigned operational responsibility for its United States operations, including Health, Safety and Environment. In addition, Umberto Marseglia, Calfrac's Vice President, Global Business, will provide additional support and direction to the Sales and Marketing and Technical Services teams in the United States. Both of these functions report directly to Fernando Aguilar, President and Chief Operating Officer.

On behalf of the Board of Directors,

(signed) Douglas R. Ramsay
Chief Executive Officer

November 6, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) for Calfrac Well Services Ltd. ("Calfrac" or the "Company") has been prepared by management as of November 6, 2012 and is a review of the financial condition and results of operations of the Company based on International Financial Reporting Standards (IFRS).

The focus of this MD&A is a comparison of the financial performance for the three and nine months ended September 30, 2012 and 2011 and should be read in conjunction with the interim consolidated financial statements for the three and nine months ended September 30, 2012, as well as the audited consolidated financial statements and MD&A for the year ended December 31, 2011.

Readers should also refer to the "Forward-Looking Statements" legal advisory at the end of this MD&A. All financial amounts and measures presented are expressed in Canadian dollars unless otherwise indicated. The definitions of certain non-GAAP measures used have been included on pages 9 and 10.

CALFRAC'S BUSINESS

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

The Company's reportable business segments during the third quarter of 2012 were as follows:

- The Canadian segment is focused on the provision of fracturing and coiled tubing services to a diverse group of oil and natural gas exploration and production companies operating in Alberta, northeast British Columbia, Saskatchewan and southwest Manitoba. The Company's customer base in Canada ranges from large multi-national public companies to small private companies. At September 30, 2012, Calfrac's Canadian operations had combined hydraulic horsepower of approximately 306,000, 22 coiled tubing units and one cementing unit, which has been converted to assist with coiled tubing operations.

- The United States segment of the Company's business provides pressure pumping services from operating bases in Colorado, Arkansas, Pennsylvania and North Dakota. The Company provides fracturing services to a number of oil and natural gas companies operating in the Bakken oil shale play in North Dakota, the Piceance Basin of western Colorado, the Uintah Basin of northeast Utah and the Denver-Julesburg Basin centred in eastern Colorado and extending into southeast Wyoming, including the Niobrara oil play of northern Colorado. Calfrac also provides fracturing and cementing services to customers operating in the Marcellus shale play in Pennsylvania and West Virginia, the Fayetteville shale play of Arkansas and the Utica Shale in Ohio. The Company deployed approximately 467,000 hydraulic horsepower and operated 11 cementing units in its United States segment at September 30, 2012.

- The Company's Russian segment is focused on the provision of fracturing and coiled tubing services in Western Siberia. In the first nine months of 2012, the Company operated under a mix of annual and multi-year agreements to provide services to two of Russia's largest oil producers. At September 30, 2012, the Company operated six deep coiled tubing units and deployed approximately 45,000 hydraulic horsepower forming five fracturing spreads in Russia.

- The Latin America segment provides pressure pumping services from operating bases in Mexico, Argentina and Colombia. The Company provides fracturing and cementing services to Mexico's national oil company and other customers operating in the Burgos field of northern Mexico and the Chicontepec field of central Mexico. In Argentina, the Company provides cementing and coiled tubing services to local oil and natural gas companies. In September 2011, Calfrac commenced cementing operations in Colombia. The Company deployed approximately 27,000 hydraulic horsepower forming three fracturing spreads, 13 cementing units and one coiled tubing unit in its Latin America segment at September 30, 2012.

CONSOLIDATED HIGHLIGHTS

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	**2012**	2011	Change
(C$000s, except per share amounts) (unaudited)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**417,842**	440,491	(5)	**1,227,729**	1,047,355	17
Operating income [(1)]	**70,604**	126,527	(44)	**213,795**	262,464	(19)
EBITDA [(1)]	**70,874**	102,042	(31)	**217,605**	249,536	(13)
Per share – basic	**1.59**	2.33	(32)	**4.92**	5.72	(14)
Per share – diluted	**1.58**	2.30	(31)	**4.87**	5.62	(13)
Net income attributable to the shareholders of Calfrac	**26,917**	47,381	(43)	**85,903**	108,530	(21)
Per share – basic	**0.60**	1.08	(44)	**1.94**	2.49	(22)
Per share – diluted	**0.60**	1.07	(44)	**1.92**	2.44	(21)

As at	**September 30, 2012**	December 31, 2011	Change
(C$000s) (unaudited)	**($)**	($)	(%)
Working capital, end of period	**353,182**	398,526	(11)
Total assets, end of period	**1,532,548**	1,405,121	9
Long-term debt, end of period	**436,138**	450,545	(3)
Total equity, end of period	**783,091**	700,569	12

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.

2012 OVERVIEW

In the third quarter of 2012, the Company:

- reported revenue of $417.8 million, a decrease of 5 percent from the third quarter of 2011 driven primarily by lower pricing in the United States combined with reduced activity in Canada due to a decline in overall drilling and completion activity in Canada as customers continued to adjust their capital spending programs due to the weakness in natural gas prices. The revenue decline in Canada and the United States was partially offset by strong growth in Calfrac's Latin American operations;

- reported operating income of $70.6 million versus $126.5 million in the same quarter of 2011, mainly due to the impact of competitive pricing pressures in the Canada and United States markets combined with higher use of more costly proppants and higher product costs in both regions; and

- reported net income attributable to shareholders of Calfrac of $26.9 million or $0.60 per share diluted, including a $0.4 million foreign exchange gain, compared to net income of $47.4 million or $1.07 per share diluted in the third quarter of 2011, which included a mainly unrealized foreign exchange loss of $23.7 million.

In the nine months ended September 30, 2012, the Company:

- increased revenue by 17 percent to $1.2 billion from $1.0 billion in the first nine months of 2011, primarily by achieving strong growth in activity in Calfrac's United States and Latin American operations;
- reported operating income of $213.8 million versus $262.5 million in the same period of 2011, a decrease of 19 percent, mainly as a result of higher product costs and competitive pricing pressure in Canada and the United States;
- reported net income attributable to the shareholders of Calfrac of $85.9 million or $1.92 per share diluted compared to net income of $108.5 million or $2.44 per share diluted in the same period of 2011;
- recorded capital expenditures of $223.3 million primarily to bolster the Company's fracturing operations; and
- reported working capital of $353.2 million at September 30, 2012.

NON-GAAP MEASURES

Certain supplementary measures in this MD&A do not have any standardized meaning as prescribed under IFRS and, therefore, are considered non-GAAP measures. These measures have been described and presented in order to provide shareholders and potential investors with additional information regarding the Company's financial results, liquidity and ability to generate funds to finance its operations. These measures may not be comparable to similar measures presented by other entities, and are further explained as follows:

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

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2012	2011	**2012**	2011
(C$000s) (unaudited)	**($)**	($)	**($)**	($)
Net income	**26,655**	47,285	**85,380**	108,299
Add back (deduct):				
Depreciation	**22,406**	21,897	**66,747**	64,461
Interest	**9,504**	8,739	**27,421**	26,436
Foreign exchange (gains) losses	**(358)**	23,720	**(4,442)**	13,244
Loss (gain) on disposal of property, plant and equipment	**88**	765	**632**	(316)
Income taxes	**12,309**	24,121	**38,057**	50,340
Operating income	**70,604**	126,527	**213,795**	262,464

EBITDA is defined as net income (loss) before interest, taxes, depreciation and amortization. EBITDA is presented because it is frequently used by securities analysts and others for evaluating companies and their ability to service debt. EBITDA was calculated as follows:

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2012	2011	**2012**	2011
(C$000s) (unaudited)	**($)**	($)	**($)**	($)
Net income	**26,655**	47,285	**85,380**	108,299
Add back:				
Depreciation	**22,406**	21,897	**66,747**	64,461
Interest	**9,504**	8,739	**27,421**	26,436
Income taxes	**12,309**	24,121	**38,057**	50,340
EBITDA	**70,874**	102,042	**217,605**	249,536

FINANCIAL OVERVIEW – THREE MONTHS ENDED SEPTEMBER 30, 2012 VERSUS 2011

Canada

Three Months Ended September 30,	**2012**	2011	Change
(C$000s, except operational information) (unaudited)	**($)**	($)	(%)
Revenue	**200,763**	230,011	(13)
Expenses			
Operating	**139,527**	138,364	1
Selling, General and Administrative (SG&A)	**4,865**	4,444	9
	144,392	142,808	1
Operating income [1]	**56,371**	87,203	(35)
Operating income (%)	**28.1%**	37.9%	(26)
Fracturing revenue per job ($)	**205,452**	160,649	28
Number of fracturing jobs	**891**	1,317	(32)
Pumping horsepower, end of period (000s)	**306**	256	20
Coiled tubing revenue per job ($)	**33,852**	23,819	42
Number of coiled tubing jobs	**523**	774	(32)
Coiled tubing units, end of period (#)	**22**	22	–

[1] Refer to “Non-GAAP Measures” on pages 9 and 10 for further information.

Revenue

Revenue from Calfrac's Canadian operations during the third quarter of 2012 was $200.8 million versus $230.0 million in the comparable three-month period of 2011. The decrease in revenue was primarily due to the overall decline in natural gas drilling and completions activity in the Western Canada Sedimentary Basin. Total drilling activity in western Canada decreased by approximately 30 percent during the third quarter of 2012 from the corresponding period in 2011. This decrease in activity was partially offset by work that was deferred from the second quarter due to an early spring break-up as well as an increase in average job sizes resulting from the shift in activity towards the oil and liquids-rich areas of western Canada.

Operating Income

Operating income in Canada decreased by 35 percent to $56.4 million during the third quarter of 2012 from $87.2 million in the same period of 2011. The decrease was primarily due to pricing pressure, lower equipment utilization and higher guar expenses, which resulted from cost inflation and the shift in activity toward the oil and liquids-rich areas of western Canada.

United States

Three Months Ended September 30,	**2012**	2011	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**158,473**	165,114	(4)
Expenses			
Operating	**130,843**	115,094	14
SG&A	**4,956**	3,729	33
	135,799	118,823	14
Operating income [1]	**22,674**	46,291	(51)
Operating income (%)	**14.3%**	28.0%	(49)
Fracturing revenue per job ($)	**65,508**	86,578	(24)
Number of fracturing jobs	**2,335**	1,851	26
Pumping horsepower, end of period (000s)	**467**	333	40
Cementing revenue per job ($)	**29,507**	29,985	(2)
Number of cementing jobs	**153**	162	(6)
Cementing units, end of period (#)	**11**	9	22
US$/C$ average exchange rate [2]	**0.9957**	0.9800	2

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.
(2) Source: Bank of Canada.

Revenue

Revenue from Calfrac's United States operations decreased by 4 percent during the third quarter of 2012 to $158.5 million from $165.1 million in the comparable quarter of 2011. The decrease was due primarily to the completion of smaller fracturing jobs and competitive pricing pressures in the United States market. The decrease in revenue was partially offset by a 26 percent increase in fracturing activity resulting from a larger number of fracturing fleets operating in the Bakken play of North Dakota.

Operating Income

Operating income in the United States was $22.7 million for the third quarter of 2012, a decrease of $23.6 million from the comparative period in 2011. The decrease in operating income was primarily due to competitive pricing pressure combined with higher product costs. The increase in product expenses was mainly due to increases in the price of guar, which is a primary component of oil-focused fluid systems. Higher equipment repairs and maintenance expenses combined with an increase in the number of SG&A personnel supporting the United States operation also contributed to the lower operating income.

Russia

Three Months Ended September 30,	2012	2011	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**31,228**	29,233	7
Expenses			
Operating	**26,181**	24,439	7
SG&A	**1,552**	1,449	7
	27,733	25,888	7
Operating income [1]	**3,495**	3,345	4
Operating income (%)	**11.2%**	11.4%	(2)
Fracturing revenue per job ($)	**99,390**	114,816	(13)
Number of fracturing jobs	**220**	195	13
Pumping horsepower, end of period (000s)	**45**	45	–
Coiled tubing revenue per job ($)	**60,011**	53,884	11
Number of coiled tubing jobs	**156**	127	23
Coiled tubing units, end of period (#)	**6**	6	–
Rouble/C$ average exchange rate [2]	**0.0312**	0.0336	(7)

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.
(2) Source: Bank of Canada.

Revenue

During the third quarter of 2012, the Company's revenue from Russian operations increased by 7 percent to $31.2 million from $29.2 million in the corresponding quarter of 2011. The increase in revenue was mainly due to a 23 percent increase in coiled tubing activity combined with the completion of larger coiled tubing jobs. The increase was partially offset by the depreciation of the Russian rouble by 7 percent versus the Canadian dollar. The 13 percent increase in fracturing activity was completely offset by a 13 percent decrease in average job sizes due to the Company no longer being required to provide proppant to a significant customer in Western Siberia.

Operating Income

Operating income in Russia in the third quarter of 2012 was $3.5 million compared to $3.3 million in the corresponding period of 2011. The increase in operating income was primarily due to the larger revenue base. The increase was mostly offset by higher fuel consumption due to longer travel distances to job locations in Western Siberia.

Latin America

Three Months Ended September 30,	**2012**	2011	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**27,378**	16,133	70
Expenses			
Operating	**23,649**	15,428	53
SG&A	**1,739**	1,121	55
	25,388	16,549	53
Operating income (loss) [1]	**1,990**	(416)	–
Operating income (loss) (%)	**7.3%**	-2.6%	–
Pumping horsepower, end of period (000s)	**27**	22	23
Cementing units, end of period (#)	**13**	9	44
Coiled tubing units, end of period (#)	**1**	1	–
Mexican peso/C$ average exchange rate [2]	**0.0756**	0.0796	(5)
Argentine peso/C$ average exchange rate [2]	**0.2160**	0.2246	(4)

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.
(2) Source: Bank of Canada.

Revenue

Calfrac's operations in Latin America generated total revenue of $27.4 million during the third quarter of 2012 versus $16.1 million in the comparable three-month period in 2011. For the three months ended September 30, 2012 and 2011, revenue generated through subcontractors was $5.4 million and $3.2 million, respectively. The increase in revenue was primarily due to higher fracturing activity, job sizes and pricing in Mexico. Higher cementing and coiled tubing activity in Argentina combined with a full quarter of cementing operations in Colombia also contributed to the increase.

Operating Income

Calfrac's Latin America division generated operating income of $2.0 million during the third quarter of 2012 compared to an operating loss of $0.4 million in the comparative quarter in 2011. The turn-around in operating income was primarily due to higher fracturing activity in Mexico. Higher cementing and coiled tubing activity in Argentina also contributed to the positive change from operating loss to operating income. The improvement due to higher utilization was partially offset by higher personnel costs in Argentina and lower than expected cementing equipment utilization in Colombia.

Corporate

Three Months Ended September 30,	**2012**	2011	Change
(C$000s) (unaudited)	**($)**	($)	(%)
Expenses			
Operating	**2,848**	1,635	74
SG&A	**11,078**	8,261	34
	13,926	9,896	41
Operating loss [1]	**(13,926)**	(9,896)	41
% of Revenue	**3.3%**	2.2%	50

[1] Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.

Operating Loss

The 41 percent increase in Corporate operating expenses from the third quarter of 2011 was mainly due to an increase in the Company's global operations and procurement personnel to support the Company's larger scale of operations. These planned additions are designed to support Calfrac's continued focus on service quality, operating efficiency and cost management. Stock-based compensation in the form of restricted share units also contributed to the increase in corporate expenses. The Company granted restricted share units during the first quarter of 2012.

Depreciation

For the three months ended September 30, 2012, depreciation expense increased by 2 percent to $22.4 million from $21.9 million in the corresponding quarter of 2011. The increase in depreciation expense is mainly a result of a larger fleet of equipment operating in North America offset partially by the impact of fully depreciated componentized assets in Canada and the United States.

Foreign Exchange Gains or Losses

The Company recorded a foreign exchange gain of $0.4 million during the third quarter of 2012 versus a $23.7 million foreign exchange loss in the comparative three-month period of 2011. Foreign exchange gains and losses arise primarily from the translation of net monetary assets or liabilities that were held in U.S. dollars in Canada, Russia and Latin America. The majority of the Company's foreign exchange gain recorded in the third quarter of 2012 was attributable to its Russian operations, which have substantial U.S. dollar-denominated liabilities. During the quarter, the U.S. dollar weakened against the Russian rouble by approximately 6 percent, resulting in unrealized foreign exchange gains related to this indebtedness.

Interest

The Company's interest expense during the third quarter of 2012 was $9.5 million compared to $8.7 million for the comparable period in 2011. The increase is primarily due to non-recurring interest costs in Latin America.

Income Tax Expenses

The Company recorded an income tax expense of $12.3 million during the third quarter of 2012 compared to income tax expense of $24.1 million in the comparable period of 2011. Lower profitability in the United States resulted in the decrease in overall income tax expense.

The effective income tax rate for the three months ended September 30, 2012 and 2011 was 32 percent and 34 percent, respectively. The mix of earnings in the various tax jurisdictions in which Calfrac operates resulted in a lower effective tax rate in the third quarter of 2012.

SUMMARY OF QUARTERLY RESULTS

Three Months Ended	Dec. 31, 2010	Mar. 31, 2011	June 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	June 30, 2012	**Sept. 30 2012**
(unaudited)	($)	($)	($)	($)	($)	($)	($)	**($)**
Financial (C$000s, except per share and operating data)								
Revenue	268,710	337,408	269,456	440,491	490,037	474,107	335,780	**417,842**
Operating income [1]	62,184	88,000	47,937	126,527	150,364	113,381	29,810	**70,604**
EBITDA [1]	62,464	96,897	50,597	102,042	149,146	127,995	18,736	**70,874**
Per share – basic	1.44	2.23	1.16	2.33	3.40	2.92	0.42	**1.59**
Per share – diluted	1.42	2.18	1.14	2.30	3.38	2.87	0.42	**1.58**
Net income (loss) attributable to shareholders of Calfrac	16,126	49,078	12,071	47,381	78,921	70,841	(11,855)	**26,917**
Per share – basic	0.37	1.13	0.28	1.08	1.80	1.62	(0.27)	**0.60**
Per share – diluted	0.37	1.11	0.27	1.07	1.79	1.59	(0.27)	**0.60**
Capital expenditures	47,015	65,777	72,047	85,130	101,008	84,075	75,286	**63,962**
Working capital (end of period)	341,677	356,370	324,832	375,823	398,526	431,053	357,128	**353,182**
Total equity (end of period)	502,032	556,277	568,607	632,889	700,569	779,426	747,591	**783,091**
Operating (end of period)								
Pumping horsepower (000s)	481	530	584	656	719	782	830	**845**
Coiled tubing units (#)	29	29	29	29	29	29	29	**29**
Cementing units (#)	21	21	22	23	23	23	23	**25**

[1] Refer to "Non-GAAP Measures" on pages 9 and 10 for further information

Seasonality of Operations

The Company's Canadian business is seasonal. The lowest activity is typically experienced during the second quarter of the year when road weight restrictions are in place due to spring break-up weather conditions and access to well sites in Canada is reduced (refer to "Business Risks – Seasonality" in the 2011 Annual Report).

Foreign Exchange Fluctuations

The Company's consolidated financial statements are reported in Canadian dollars. Accordingly, the quarterly results are directly affected by fluctuations in the United States, Russian, Mexican, Argentinean and Colombian currency exchange rates (refer to "Business Risks – Fluctuations in Foreign Exchange Rates" in the 2011 Annual Report).

Early Redemption of Senior Notes

The Company closed a private offering of US$450.0 million of 7.5 percent senior notes in November 2010, which will mature on December 1, 2020. The Company used a portion of the net proceeds to repay its outstanding debt, including funding the tender offer for its 7.75 percent senior notes due in 2015 and its outstanding credit facilities. As a result of the redemption of US$230.7 million of the senior notes due in 2015, the Company incurred $22.7 million of refinancing costs during the fourth quarter of 2010.

FINANCIAL OVERVIEW – NINE MONTHS ENDED SEPTEMBER 30, 2012 VERSUS 2011

Canada

Nine Months Ended September 30,	**2012**	2011	Change
(C$000s, except operational information) (unaudited)	**($)**	($)	(%)
Revenue	**531,306**	518,047	3
Expenses			
Operating	**378,881**	346,381	9
SG&A	**12,892**	11,525	12
	391,773	357,906	9
Operating income [1]	**139,533**	160,141	(13)
Operating income (%)	**26.3%**	30.9%	(15)
Fracturing revenue per job ($)	**198,892**	158,781	25
Number of fracturing jobs	**2,440**	2,984	(18)
Pumping horsepower, end of period (000s)	**306**	256	20
Coiled tubing revenue per job ($)	**32,865**	23,723	39
Number of coiled tubing jobs	**1,400**	1,865	(25)
Coiled tubing units, end of period (#)	**22**	22	–

[1] Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.

Revenue

Revenue from Calfrac's Canadian operations during the first nine months of 2012 was $531.3 million versus $518.0 million in the comparable nine-month period of 2011. The 3 percent increase in revenue was primarily due to larger job sizes as a result of the shift in activity towards the oil and liquids-rich regions of western Canada offset by an overall decline in natural gas drilling and completions activity in 2012. Revenue generated in oil and liquids-rich natural gas plays comprised 75 percent of total Canadian revenue during the first nine months of 2012 compared to 69 percent in the same period of 2011.

Operating Income

Operating income in Canada decreased by 13 percent to $139.5 million during the first nine months of 2012 from $160.1 million in the same period of 2011. The decrease is primarily caused by pricing pressure combined with lower equipment utilization and higher guar costs resulting from a combination of increased pricing and the shift in activity toward the oil and liquids-rich areas of western Canada.

United States

Nine Months Ended September 30,	**2012**	2011	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**528,508**	405,220	30
Expenses			
Operating	**413,434**	271,315	52
SG&A	**15,433**	9,988	55
	428,867	281,303	52
Operating income [1]	**99,641**	123,917	(20)
Operating income (%)	**18.9%**	30.6%	(38)
Fracturing revenue per job ($)	**74,539**	79,881	(7)
Number of fracturing jobs	**6,823**	4,943	38
Pumping horsepower, end of period (000s)	**467**	333	40
Cementing revenue per job ($)	**31,000**	24,173	28
Number of cementing jobs	**481**	429	12
Cementing units, end of period (#)	**11**	9	22
US$/C$ average exchange rate [2]	**1.0025**	0.9778	3

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.
(2) Source: Bank of Canada.

Revenue

Revenue from Calfrac's United States operations increased during the first nine months of 2012 to $528.5 million from $405.2 million in the comparable period of 2011. The increase in United States revenue was due primarily to the expansion of fracturing operations in the Bakken play of North Dakota during 2012 and higher fracturing and cementing activity in the Marcellus shale formation in Pennsylvania and West Virginia due to a larger fleet of equipment operating for a full year.

Operating Income

Operating income in the United States was $99.6 million for the nine months ended September 30, 2012, a decrease of 20 percent from the comparative period in 2011. Operating income as a percentage of revenue decreased by 38 percent to 19 percent in the first nine months of 2012 from 31 percent in the comparative period of 2011. The decrease in operating income as a percentage of revenue was primarily due to the impact of competitive pricing pressures combined with a greater use of higher-cost proppants and guar-based chemical systems in North Dakota, which are more costly than traditional fluid systems used in shale gas development. In addition, the Company incurred higher SG&A expenses in order to expand its divisional organization to more effectively support Calfrac's larger United States operations.

Russia

Nine Months Ended September 30,	**2012**	2011	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**88,569**	85,367	4
Expenses			
Operating	**77,391**	71,416	8
SG&A	**4,358**	5,027	(13)
	81,749	76,443	7
Operating income [1]	**6,820**	8,924	(24)
Operating income (%)	**7.7%**	10.5%	(27)
Fracturing revenue per job ($)	**95,561**	110,382	(13)
Number of fracturing jobs	**627**	561	12
Pumping horsepower, end of period (000s)	**45**	45	–
Coiled tubing revenue per job ($)	**58,954**	53,279	11
Number of coiled tubing jobs	**486**	440	10
Coiled tubing units, end of period (#)	**6**	6	–
Rouble/C$ average exchange rate [2]	**0.0323**	0.0340	(5)

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.
(2) Source: Bank of Canada.

Revenue

During the first nine months of 2012, the Company's revenue from Russian operations increased by 4 percent to $88.6 million from $85.4 million in the corresponding nine-month period of 2011. The increase in revenue was mainly due to higher fracturing and coiled tubing activity combined with the completion of larger coiled tubing jobs. This was partially offset by smaller fracturing job sizes as a result of the Company no longer providing proppant to a significant customer in Western Siberia during 2012, combined with the 5 percent depreciation in the Russian rouble versus the Canadian dollar.

Operating Income

Operating income in Russia in the first nine months of 2012 was $6.8 million compared to $8.9 million in the corresponding period of 2011. The decrease in operating income was primarily due to higher guar costs and increased fuel expenses.

Latin America

Nine Months Ended September 30,	**2012**	2011	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**79,346**	38,721	105
Expenses			
Operating	**69,005**	37,568	84
SG&A	**4,603**	2,546	81
	73,608	40,114	83
Operating income (loss) [1]	**5,738**	(1,393)	–
Operating income (loss) (%)	**7.2%**	-3.6%	–
Pumping horsepower, end of period (000s)	**27**	22	23
Cementing units, end of period (#)	**13**	9	44
Coiled tubing units, end of period (#)	**1**	1	–
Mexican peso/C$ average exchange rate [2]	**0.0758**	0.0813	(7)
Argentine peso/C$ average exchange rate [2]	**0.2245**	0.2298	(2)

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.
(2) Source: Bank of Canada.

Revenue

Calfrac's Latin America operations generated total revenue of $79.3 million during the first nine months of 2012 versus $38.7 million in the comparable nine-month period in 2011. For the nine months ended September 30, 2012 and 2011, revenue generated through subcontractors was $17.9 million and $7.7 million, respectively.

The increase in revenue was primarily due to higher fracturing activity in Mexico combined with improved pricing. Higher cementing and coiled tubing activity in Argentina along with improved cementing activity and larger job sizes in Colombia also contributed to the increase in Latin American revenue.

Operating Income

For the nine months ended September 30, 2012, Calfrac's Latin America division generated operating income of $5.7 million compared to an operating loss of $1.4 million in the comparative period in 2011.

The improvement in operating income was primarily due to improved pricing and higher equipment utilization in Mexico and Argentina. This increase was offset partially by higher personnel costs in Argentina and lower-than-expected equipment utilization in Colombia's cementing operations.

Corporate

Nine Months Ended September 30,	**2012**	2011	Change
(C$000s) (unaudited)	**($)**	($)	(%)
Expenses			
Operating	**7,510**	4,503	67
SG&A	**30,427**	24,622	24
	37,937	29,125	30
Operating loss [1]	**(37,937)**	(29,125)	30
% of Revenue	**3.1%**	2.8%	11

[1] Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.

Operating Loss

The 30 percent increase in Corporate operating expenses from the first nine months of 2011 was mainly due to an increase in the number of personnel supporting the Company's expanded operations as well as higher stock-based compensation expenses resulting from the restricted share units that were granted in 2012. The Company commenced granting of restricted share units during the first quarter of 2012.

Depreciation

For the nine months ended September 30, 2012, depreciation expense increased by 4 percent to $66.7 million from $64.5 million in the corresponding period of 2011. The increase in depreciation expense is mainly a result of a larger fleet of equipment operating in North America, offset partially by the impact of fully depreciated componentized assets in Canada and the United States.

Foreign Exchange Gains or Losses

The Company recorded a foreign exchange gain of $4.4 million during the first nine months of 2012 versus a $13.2 million loss in the comparative period of 2011. Foreign exchange gains and losses arise primarily from the translation of net monetary assets or liabilities that were held in U.S. dollars in Canada, Russia and Latin America.

Interest

The Company's interest expense during the first nine months of 2012 increased from the comparable period of 2011 by $1.0 million to $27.4 million.

Income Tax Expenses

The Company recorded an income tax expense of $38.1 million during the first nine months of 2012 compared to income tax expense of $50.3 million in the comparable period of 2011. The decrease in overall income tax expense is primarily the result of lower profitability in the United States.

The effective income tax rate for the nine-month periods ended September 30, 2012 and 2011 was 31 percent and 32 percent, respectively.

LIQUIDITY AND CAPITAL RESOURCES

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2012	2011	**2012**	2011
(C$000s) (unaudited)	**($)**	($)	**($)**	($)
Cash flows provided by (used in):				
Operating activities	**2,590**	42,196	**177,029**	144,261
Financing activities	**(15,464)**	(1,550)	**(7,305)**	(5,095)
Investing activities	**(54,802)**	(98,057)	**(204,277)**	(226,317)
Effect of exchange rate changes on cash and cash equivalents	**(2,512)**	12,551	**(2,047)**	11,443
Decrease in cash and cash equivalents	**(70,188)**	(44,860)	**(36,600)**	(75,708)

Operating Activities

The Company's cash flow provided by operating activities for the nine months ended September 30, 2012 was $177.0 million versus cash flow provided by operating activities of $144.3 million in 2011. This increase was primarily due to higher revenue in Canada and the United States offset partially by lower operating percentages in the United States. At September 30, 2012, Calfrac's working capital was approximately $353.2 million, a decrease of 11 percent from December 31, 2011. The Company reviewed its accounts receivable balance in detail at September 30, 2012 and determined that a provision for doubtful accounts receivable totalling $1.6 million was adequate. The majority of this provision related to a customer that filed for Chapter 11 restructuring under United States bankruptcy law.

Financing Activities

Cash flow used in financing activities during the first nine months of 2012 was $7.3 million compared to $5.1 million in the comparable 2011 period. During the first nine months of 2012, the Company issued $10.5 million of Calfrac common shares, received bank loan proceeds of $2.7 million, paid dividends of $18.7 million and repaid $1.6 million of finance lease obligations.

On November 18, 2010, Calfrac completed a private placement of senior unsecured notes for an aggregate principal of US$450.0 million due on December 1, 2020, which bear semi-annual interest of 7.50 percent per annum. The Company used the net proceeds of the offering to repay indebtedness, including the funding of the tender offer for its 7.75 percent senior notes due in 2015, as well as for general corporate purposes and to pay related fees and expenses.

Subsequent to September 30, 2012, the Company increased its credit facilities with a syndicate of Canadian chartered banks from $250.0 million to $300.0 million and extended the term to September 27, 2016, assuming the facility is not further extended. The maturity date may be extended by one or more years at the Company's request and lenders' acceptance. The Company also has the ability to prepay principal without penalty. The facilities consist of an operating facility of $20.0 million and a syndicated facility of $280.0 million. The interest rates for these facilities are based on the parameters of certain bank covenants. For prime-based loans, the rate ranges from prime plus 0.50 percent to prime plus 1.25 percent. For LIBOR-based loans and bankers' acceptance-based loans, the margin thereon ranges from 1.50 percent to 2.25 percent above the respective base rates for such loans. As at September 30, 2012, the Company had utilized $3.5 million of its credit facilities for letters of credit, leaving $246.5 million in available credit at such date.

Investing Activities

For the nine months ended September 30, 2012, Calfrac's cash flow used in investing activities was $204.3 million versus $226.3 million for 2011. Capital expenditures were $223.3 million in the first nine months of 2012 compared to $223.0 million in the same period of 2011. Capital expenditures were primarily related to supporting the Company's fracturing operations throughout North America.

Calfrac's 2012 capital budget is projected to be $271.0 million, of which $240.0 million will be directed towards its Canadian and U.S. operations and $31.0 million towards operations in Russia and Latin America. In addition to the 2012 capital program outlined above, Calfrac expects that the carryover amount of approximately $150 million related to its 2011 capital program will be completed during the fourth quarter of 2012. The capital program will focus on the Company's fracturing operations in Canada and the United States as well as facilities and infrastructure capital required to support Calfrac's expanding fracturing, coiled tubing and cementing operations in many of the most active North American unconventional oil and natural gas markets. A portion of this capital is also dedicated to expanding Calfrac's presence in the well servicing markets in Argentina and Colombia.

The effect of changes in foreign exchange rates on the Company's cash and cash equivalents during the first nine months of 2012 was a decrease of $2.0 million versus an increase of $11.4 million during the same period of 2011. These changes relate to cash and cash equivalents held by the Company in a foreign currency.

At September 30, 2012, the Company had cash and cash equivalents of $96.5 million compared to $133.1 million at December 31, 2011.

With its strong working capital position, unutilized credit facilities and anticipated funds provided by operations, the Company expects to have adequate resources to fund its financial obligations and planned capital expenditures for the remainder of 2012 and beyond.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares. Employees have been granted options to purchase common shares under the Company's shareholder-approved stock option plan. The number of shares reserved for issuance under the stock option plan is equal to 10 percent of the Company's issued and outstanding common shares. As at October 31, 2012, there were 44,728,459 common shares issued and outstanding, and 2,963,987 options to purchase common shares.

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

Normal Course Issuer Bid

The Company filed a Notice of Intention to make a Normal Course Issuer Bid (NCIB) with the Toronto Stock Exchange (TSX) on November 2, 2011. Under the NCIB, the Company may acquire up to 3,246,216 common shares, which was 10 percent of the public float outstanding as at October 31, 2011, during the period November 7, 2011 through November 6, 2012. The maximum number of common shares that may be acquired by the Company during a trading day is 42,392, with the exception that the Company is allowed to make one block purchase of common shares per calendar week that exceeds such limit. All purchases of common shares will be made through the facilities of the TSX at the market price of the shares at the time of acquisition. Any shares acquired under the bid will be cancelled. To date, the Company purchased 196,800 common shares under the NCIB for a total cost of approximately $4.9 million, all financed out of working capital. The Company did not purchase any shares under the NCIB during the first nine months of 2012.

The Company also filed a Notice of Intention (the "Renewal Notice") to renew the NCIB (the "Renewed NCIB") with the TSX on November 1, 2012. Under the Renewed NCIB, the Company may acquire up to 3,318,738 common shares, which was 10 percent of the public float outstanding as at October 31, 2012, during the period November 12, 2012 through November 11, 2013. Subject to the block purchase exemption described in the preceding paragraph, the maximum number of common shares that may be acquired by the Company during a trading day is 44,254. All purchases of common shares will be made through the facilities of the TSX, alternative trading systems or such other exchanges or marketplaces through which the common shares trade from time to time at the market price of the shares at the time of acquisition. Any shares acquired under the bid will be cancelled. A copy of the Renewal Notice may be obtained by any shareholder, without charge, by contacting the Company's Corporate Secretary at 411 – 8th Avenue S.W., Calgary, Alberta, T2P 1E3, or by telephone at 403-266-6000.

OUTLOOK

With the recent improvement in natural gas prices and the stability of crude oil prices, Calfrac remains optimistic that North American drilling and completion activity in 2013 will increase over 2012, primarily through the continued development of unconventional resource plays. Technological advancements being applied to tight oil producing reservoirs are expected to improve the economics of these plays and spur additional growth in the Company's oil-focused revenue base. The improvement in natural gas prices from historic lows is also projected to increase activity in Canada and the United States, resulting in higher equipment utilization for Calfrac.

The Company anticipates being active in the oil and natural gas resource plays of western Canada throughout the remainder of 2012 and into 2013, due to Calfrac's strong customer base and long-term contractual arrangements. Well completion activity in the numerous unconventional light oil plays is expected to grow as many of the emerging plays in the Western Canada Sedimentary Basin move to commercial development. However, the Company recognizes that lower crude oil prices and high Canadian crude oil differentials may dampen the cash flows and capital programs of its customer base. As a result, Calfrac will closely monitor its customers' 2013 capital spending plans and prudently adjust the Company's operations and cost structure, as required.

The natural gas resource plays of northwest Alberta and northeast British Columbia are some of the most economic gas-producing areas in North America and activity is expected to increase as the commodity price environment improves. Calfrac believes that activity in the liquids-rich reservoirs of the Deep Basin and Duvernay plays will continue to be strong throughout 2013 and could drive significant future demand for its fracturing and coiled tubing services. The Company is also maintaining a leadership position in the development of the Montney resource play and expects further operational efficiencies to be achieved through the expanded use of 24-hour operations as well as pads for completion work.

In the United States, the Company continues to proactively manage its business in a very competitive market. Pricing has deteriorated in many of the basins in which Calfrac operates, although this has been mitigated by the Company's contract position. As Calfrac has demonstrated in the past, it will remain keenly focused on managing its cost structure in order to maximize financial returns. The Company expects activity to decrease further in the fourth quarter of 2012 as some customers have completed a significant portion of their 2012 capital budgets. Lower pricing combined with reduced activity will likely result in lower operating margins in the fourth quarter. The Company remains optimistic that the recovery in natural gas prices combined with the stability in crude oil prices will bring more normalized activity levels in 2013.

Calfrac's two largest operating regions in the United States are the Bakken oil shale play in North Dakota and the Marcellus shale gas play in Pennsylvania and West Virginia. The Company operates four fracturing fleets in the Bakken, two of which are committed to one of the largest operators in the area under a long-term minimum commitment contract. While pricing has declined in the play generally, Calfrac believes that its contractual position will partially mitigate these pressures.

Calfrac believes that the Marcellus shale play has evolved into one of the most economic natural gas producing regions in the United States. The Company operates three large fracturing spreads in this region, two of which are supported by long-term minimum commitment contracts. Calfrac recently completed a state-of-the-art district facility in Smithfield, Pennsylvania to service this play. Through this base, the Company's operations are also well-positioned to service the Marcellus' liquids-rich area or "wet gas window", which is becoming more prominent. The facility will also provide the capacity to service a large portion of the emerging Utica shale play.

Calfrac expects that equipment utilization in Russia will remain relatively high throughout the remainder of 2012 based on its contract position and customer commitments to complete their 2012 capital programs. The Company remains focused on streamlining its operating costs in an effort to improve future financial performance. In addition, the introduction of new drilling and completion technologies in Western Siberia, including horizontal drilling and multi-stage completions, provide significant future potential to Calfrac. Although the adoption of these technologies is in its early stages, Russia has experienced an increase in the number of horizontal wells drilled and completed during 2012. Over the longer term, Calfrac expects that the fracturing of Russian natural gas wells will also become more prevalent as Russia is one of the world's largest natural gas producers. This is anticipated to also drive additional future demand for the Company's services.

The Mexican oilfield service environment continues to improve as Mexico's primary energy producer refocuses on onshore development. As a result, Calfrac anticipates that there will be additional opportunities to deploy horizontal technology to Mexico's producing regions. The Company expects to participate in many tenders over the next several quarters, which could form the basis of future growth in this market. In Argentina, the Company remains encouraged by the development of a number of unconventional resource plays, which is expected to drive oilfield activity over the longer term. Horizontal drilling combined with multi-stage fracturing will be key inputs for unlocking these reservoirs. To date very limited industry capacity has been sent in-country to service these emerging plays. In response to these market opportunities, Calfrac is in the midst of deploying fracturing equipment into Argentina, which is expected to commence operations late in the fourth quarter. The Company entered the Colombian oilfield service market in the third quarter of 2011. Calfrac has been very encouraged by recent developments in this region and expects that it will provide significant opportunities to carry out the Company's long-term strategy of deploying leading completion technology to regions with strong growth opportunities.

Equipment constructed as part of the Company's 2012 capital program is being delivered as planned and the Company expects that the majority will be deployed in late 2012 or early 2013. This capital program will be funded by cash on hand plus future cash flows. Calfrac's balance sheet is very strong and included working capital of $353.2 million and unused credit facilities of $246.5 million at the end of the third quarter. Subsequent to September 30, 2012, the Company increased its credit facilities from $250.0 million to $300.0 million and extended the term to September 27, 2016. This provides the Company with additional flexibility to pursue long-term growth opportunities as they arise.

CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

Calfrac has various contractual lease commitments related to vehicles, equipment and facilities as well as purchase obligations for products, services and capital assets as disclosed in the Company's 2011 annual consolidated financial statements.

Greek Legal Proceedings

As described in note 17 to the interim consolidated financial statements, the Company and one of its Greek subsidiaries are involved in a number of legal proceedings in Greece. Management regularly evaluates the likelihood of potential liabilities being incurred and the amounts of such liabilities after careful examination of available information and discussions with its legal advisors. Management is of the view that it is improbable there will be an outflow of economic resources from the Company to settle these claims. Consequently, no provision has been recorded in the consolidated financial statements.

Potential Claims

As a result of information received subsequent to the issuance of the Company's 2011 annual consolidated financial statements and MD&A, Calfrac believes that no potential liability exists related to the contractual claim described in note 24 to the annual consolidated financial statements.

A collective and class action claim was filed against the Company on September 27, 2012 in the United States District Court for the Western District of Pennsylvania. The direction and financial consequences of the complaint cannot be determined at this time and, consequently, no provision has been recorded in the Company's financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This MD&A is based on the Company's consolidated financial statements for the nine months ended September 30, 2012, which were prepared in accordance with IFRS. Management is required to make assumptions, judgments and estimates in the application of IFRS. Calfrac's significant accounting policies are described in note 2 to the annual consolidated financial statements for the year ended December 31, 2011.

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

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

Allowance for Doubtful Accounts Receivable

The Company performs ongoing credit evaluations of its customers and grants credit based on a review of historical collection experience, current aging status, financial condition of the customer and anticipated industry conditions. Customer payments are regularly monitored and a provision for doubtful accounts is established based on specific situations and overall industry conditions. In situations where the creditworthiness of a customer is uncertain, services are only provided on receipt of cash in advance. Calfrac's management believes that the provision for doubtful accounts, which was $1.6 million at September 30, 2012, is adequate.

Depreciation

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

Financial Instruments

The Company's financial instruments that are included in the consolidated balance sheet are cash and cash equivalents, accounts receivable, current liabilities, long-term debt and finance lease obligations.

The fair values of financial instruments that are included in the consolidated balance sheet, except long-term debt, approximate their carrying amounts due to the short-term maturity of those instruments. The fair value of the senior unsecured notes is based on the closing market price at the end-date of the reporting period. The fair values of the remaining long-term debt and finance lease obligations approximate their carrying values.

Goodwill

Goodwill represents an excess of the purchase price over the fair value of net assets acquired and is not amortized. The Company assesses goodwill at least on an annual basis. Goodwill is allocated to each operating segment, which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes. The fair value of each operating segment is compared to the carrying value of its net assets. If any potential impairment is indicated, then it is quantified by comparing the carrying value of goodwill to its fair value. The offset would be charged to the consolidated statement of operations and retained earnings as goodwill impairment.

The Company completed its annual assessment for goodwill impairment and determined there was no goodwill impairment at December 31, 2011. There were no triggers nor indications of impairment that warranted an assessment of goodwill impairment for the nine months ended September 30, 2012.

Income Taxes

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

Revenue Recognition

Revenue is recognized for services upon completion provided it is probable that the economic benefits will flow to the Company, the sales price is fixed or determinable, and collectability is reasonably assured. These criteria are generally met at the time the services are performed and have been accepted by the customer.

Stock-Based Compensation

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

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

RELATED-PARTY TRANSACTIONS

An entity controlled by a director of the Company provides ongoing real estate advisory services to the Company. The fees charged for such services for the nine months ended September 30, 2012 were $24,000 (year ended December 31, 2011 – $90,000), as measured at the exchange amount.

In November 2010, the Company lent a senior officer $2.5 million to purchase common shares of the Company on the Toronto Stock Exchange. The loan is on a non-recourse basis and is secured by the common shares acquired with the loan proceeds. It is for a term of five years and bears interest at 3.375 percent per annum, payable annually. The market value of the shares that secure the loan was approximately $2.0 million as at September 30, 2012 (December 31, 2011 – $2.4 million). In accordance with applicable accounting standards regarding share purchase loans receivable, this loan is classified as a reduction of shareholders' equity due to its non-recourse nature. In addition, the shares purchased with the loan proceeds are considered to be, in substance, stock options.

The Company leases certain premises from an entity controlled by a director of the Company. The rent charged for these premises for the nine months ended September 30, 2012 was $0.3 million (year ended December 31, 2011 – $0.3 million), as measured at the exchange amount.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting that occurred during the most recent interim period ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

BUSINESS RISKS

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

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

ADVISORIES

Forward-Looking Statements

In order to provide Calfrac shareholders and potential investors with information regarding the Company and its subsidiaries, including management's assessment of Calfrac's plans and future operations, certain statements contained in this MD&A, including statements that contain words such as "anticipates", "can", "may", "could", "expect", "believe", "intend", "forecast", "will", or similar words suggesting future outcomes, are forward-looking statements. Forward-looking statements in this document include, but are not limited to, statements with respect to future capital expenditures, future financial resources, future oil and natural gas well activity, future costs or potential liabilities, outcome of specific events, trends in the oil and natural gas industry and the Company's growth prospects including, without limitation, its international growth strategy and prospects. These statements are derived from certain assumptions and analyses made by the Company based on its experience and interpretation of historical trends, current conditions, expected future developments and other factors that it believes are appropriate in the circumstances, including assumptions related to commodity pricing and North American drilling activity. Forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause actual results to differ materially from the Company's expectations. The most significant risk factors to Calfrac relate to prevailing economic conditions; the demand for fracturing and other stimulation services during drilling and completion of oil and natural gas wells; commodity prices; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; changes in legislation and the regulatory environment; sourcing, pricing and availability of raw materials, components, parts, equipment, suppliers, facilities and skilled personnel; dependence on major customers; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; and regional competition. Readers are cautioned that the foregoing list of risks and uncertainties is not exhaustive.

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

Additional Information

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

CONSOLIDATED BALANCE SHEETS

As at	September 30, 2012	December 31, 2011
(C$000s) (unaudited)	**($)**	($)
ASSETS		
Current assets		
Cash and cash equivalents	**96,455**	133,055
Accounts receivable	**304,247**	313,898
Income taxes recoverable	**–**	1,340
Inventories	**123,600**	94,344
Prepaid expenses and deposits	**13,143**	10,148
	537,445	552,785
Non-current assets		
Property, plant and equipment	**967,616**	825,504
Goodwill	**10,523**	10,523
Deferred income tax assets	**16,964**	16,309
Total assets	**1,532,548**	1,405,121
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**177,938**	149,740
Income taxes payable	**53**	–
Bank loan (note 3)	**4,916**	2,309
Current portion of long-term debt (note 4)	**481**	476
Current portion of finance lease obligations (note 5)	**875**	1,734
	184,263	154,259
Non-current liabilities		
Long-term debt (note 4)	**436,138**	450,545
Finance lease obligations (note 5)	**–**	740
Other long-term liabilities	**485**	774
Deferred income tax liabilities	**128,571**	98,234
Total liabilities	**749,457**	704,552
Equity attributable to the shareholders of Calfrac		
Capital stock (note 6)	**293,570**	271,817
Contributed surplus (note 8)	**25,864**	24,170
Loan receivable for purchase of common shares (note 14)	**(2,500)**	(2,500)
Retained earnings	**469,675**	405,954
Accumulated other comprehensive income (loss)	**(2,867)**	1,334
	783,742	700,775
Non-controlling interest	**(651)**	(206)
Total equity	**783,091**	700,569
Total liabilities and equity	**1,532,548**	1,405,121

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2012	2011	**2012**	2011
(C$000s, except per share data) (unaudited)	**($)**	($)	**($)**	($)
Revenue	**417,842**	440,491	**1,227,729**	1,047,355
Cost of sales (note 15)	**345,454**	316,858	**1,012,968**	795,643
Gross profit	**72,388**	123,633	**214,761**	251,712
Expenses				
Selling, general and administrative	**24,190**	19,003	**67,713**	53,709
Foreign exchange (gains) losses	**(358)**	23,720	**(4,442)**	13,244
Loss (gain) on disposal of property, plant and equipment	**88**	765	**632**	(316)
Interest	**9,504**	8,739	**27,421**	26,436
	33,424	52,227	**91,324**	93,073
Income before income tax	**38,964**	71,406	**123,437**	158,639
Income tax expense (recovery)				
Current	**3,959**	(956)	**5,077**	1,245
Deferred	**8,350**	25,077	**32,980**	49,095
	12,309	24,121	**38,057**	50,340
Net income for the period	**26,655**	47,285	**85,380**	108,299
Net income (loss) attributable to:				
Shareholders of Calfrac	**26,917**	47,381	**85,903**	108,530
Non-controlling interest	**(262)**	(96)	**(523)**	(231)
	26,655	47,285	**85,380**	108,299
Earnings per share (note 6)				
Basic	**0.60**	1.08	**1.94**	2.49
Diluted	**0.60**	1.07	**1.92**	2.44

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2012	2011	**2012**	2011
(C$000s) (unaudited)	**($)**	($)	**($)**	($)
Net income for the period	**26,655**	47,285	**85,380**	108,299
Other comprehensive income (loss):				
Change in foreign currency translation adjustment	**145**	13,868	**(4,316)**	10,340
Comprehensive income for the period	**26,800**	61,153	**81,064**	118,639
Comprehensive income (loss) attributable to:				
Shareholders of Calfrac	**27,074**	61,252	**81,702**	118,858
Non-controlling interest	**(274)**	(99)	**(638)**	(219)
	26,800	61,153	**81,064**	118,639

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to the Shareholders of Calfrac							
	Share Capital	Contributed Surplus	Loan Receivable for Purchase of Common Shares	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total	Non-Controlling Interest	**Total Equity**
(C$000s) (unaudited)	($)	($)	($)	($)	($)	($)	($)	**($)**
Balance – January 1, 2012	271,817	24,170	(2,500)	1,334	405,954	700,775	(206)	**700,569**
Net income (loss) for the period	–	–	–	–	85,903	85,903	(523)	**85,380**
Other comprehensive income (loss):								
Cumulative translation adjustment	–	–	–	(4,201)	–	(4,201)	(115)	**(4,316)**
Comprehensive income (loss) for the period	–	–	–	(4,201)	85,903	81,702	(638)	**81,064**
Stock options:								
Stock-based compensation recognized	–	5,064	–	–	–	5,064	–	**5,064**
Proceeds from issuance of shares	13,899	(3,370)	–	–	–	10,529	–	**10,529**
Dividend Reinvestment Plan shares issued (note 20)	7,854	–	–	–	–	7,854	–	**7,854**
Dividends	–	–	–	–	(22,182)	(22,182)	–	**(22,182)**
Non-controlling interest contribution	–	–	–	–	–	–	193	**193**
Balance – September 30, 2012	**293,570**	**25,864**	**(2,500)**	**(2,867)**	**469,675**	**783,742**	**(651)**	**783,091**
Balance – January 1, 2011	263,490	15,468	(2,500)	(4,252)	229,865	502,071	(39)	**502,032**
Net income (loss) for the period	–	–	–	–	108,530	108,530	(231)	**108,299**
Other comprehensive income (loss):								
Cumulative translation adjustment	–	–	–	10,328	–	10,328	12	**10,340**
Comprehensive income (loss) for the period	–	–	–	10,328	108,530	118,858	(219)	**118,639**
Stock options:								
Stock-based compensation recognized	–	6,158	–	–	–	6,158	–	**6,158**
Proceeds from issuance of shares	9,126	(1,988)	–	–	–	7,138	–	**7,138**
Shares cancelled (note 8)	(105)	105	–	–	–	–	–	**–**
Denison Plan of Arrangement (note 8)	–	2,206	–	–	–	2,206	–	**2,206**
Dividends	–	–	–	–	(3,284)	(3,284)	–	**(3,284)**
Balance – September 30, 2011	272,511	21,949	(2,500)	6,076	335,111	633,147	(258)	**632,889**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2012	2011	**2012**	2011
(C$000s) (unaudited)	**($)**	($)	**($)**	($)
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Net income for the period	**26,655**	47,285	**85,380**	108,299
Adjusted for the following:				
Depreciation	**22,406**	21,897	**66,747**	64,461
Stock-based compensation	**1,743**	1,311	**5,064**	6,158
Unrealized foreign exchange (gains) losses	**(4,516)**	25,783	**(8,433)**	13,242
Loss (gain) on disposal of property, plant and equipment	**88**	765	**632**	(316)
Interest	**9,504**	8,739	**27,421**	26,436
Deferred income taxes	**8,350**	25,077	**32,980**	49,095
Interest paid	**(412)**	632	**(17,713)**	(18,070)
Changes in items of working capital (note 11)	**(61,228)**	(89,293)	**(15,049)**	(105,044)
Cash flows provided by operating activities	**2,590**	42,196	**177,029**	144,261
FINANCING ACTIVITIES				
Bank loan proceeds	**–**	1,162	**2,734**	1,258
Issuance of long-term debt, net of debt issuance costs	**–**	(811)	**71**	(422)
Long-term debt repayments	**(106)**	(109)	**(336)**	(7,767)
Finance lease obligation repayments	**(133)**	(326)	**(1,599)**	(963)
Denison Plan of Arrangement (note 8)	**–**	–	**–**	2,206
Net proceeds on issuance of common shares	**874**	1,818	**10,529**	7,138
Dividends paid (note 20)	**(16,099)**	(3,284)	**(18,704)**	(6,545)
Cash flows used in financing activities	**(15,464)**	(1,550)	**(7,305)**	(5,095)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment (note 11)	**(55,320)**	(98,590)	**(205,983)**	(229,728)
Proceeds on disposal of property, plant and equipment	**518**	533	**1,513**	3,389
Other	**–**	–	**193**	22
Cash flows used in investing activities	**(54,802)**	(98,057)	**(204,277)**	(226,317)
Effect of exchange rate changes on cash and cash equivalents	**(2,512)**	12,551	**(2,047)**	11,443
Decrease in cash and cash equivalents	**(70,188)**	(44,860)	**(36,600)**	(75,708)
Cash and cash equivalents, beginning of period	**166,643**	185,756	**133,055**	216,604
Cash and cash equivalents, end of period	**96,455**	140,896	**96,455**	140,896

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2012
(Amounts in text and tables are in thousands of Canadian dollars, except share data and certain other exceptions as indicated) (unaudited)

1. DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND ADOPTION OF IFRS

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

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in Part I of the Canadian Institute of Chartered Accountants' (CICA) Handbook, which requires publicly accountable enterprises to prepare their financial statements under International Financial Reporting Standards (IFRS).

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC). They should be read in conjunction with the annual financial statements for the year ended December 31, 2011, which were prepared in accordance with IFRS.

These financial statements were approved by the Audit Committee of the Board of Directors for issuance on November 6, 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

3. BANK LOAN

The Company's Colombian subsidiary has an operating line of credit of which US$5,000 was drawn at September 30, 2012 (December 31, 2011 – $2,270). It bears interest at the LIBOR rate plus 4.5 percent and is secured by a Company guarantee.

4. LONG-TERM DEBT

As at	**September 30, 2012**	December 31, 2011
(C$000s)	**($)**	($)
US$450,000 senior unsecured notes due December 1, 2020, bearing interest at 7.5% payable semi-annually	**442,440**	457,650
Less: unamortized debt issuance costs	**(7,031)**	(7,943)
	435,409	449,707
$230,000 extendible revolving term loan facility, secured by Canadian and U.S. assets of the Company	**–**	–
Less: unamortized debt issuance costs	**(1,027)**	(1,359)
	(1,027)	(1,359)
US$2,101 mortgage maturing May 2018 bearing interest at U.S. prime less 1%, repayable at US$33 per month principal and interest, secured by certain real property	**2,066**	2,399
ARS819 Argentina term loan maturing December 31, 2013 bearing interest at 18.25%, repayable at ARS61 per month principal and interest, secured by a Company guarantee	**171**	274
	436,619	451,021
Less: current portion of long-term debt	**(481)**	(476)
	436,138	450,545

The fair value of the senior unsecured notes, as measured based on the closing quoted market price at September 30, 2012, was $438,016 (December 31, 2011 – $446,209). The carrying values of the mortgage obligations, term loan and revolving term loan facilities approximate their fair values as the interest rates are not significantly different from current interest rates for similar loans.

The interest rate on the $230,000 revolving term loan facility is based on the parameters of certain bank covenants. For prime-based loans, the rate ranges from prime plus 0.5 percent to prime plus 1.25 percent. For LIBOR-based loans and bankers' acceptance-based loans, the margin thereon ranges from 1.75 percent to 2.5 percent above the respective base rates for such loans. The facility is repayable on or before its maturity date of September 27, 2015, assuming the facility is not extended. The maturity date may be extended by one or more years at the Company's request and lenders' acceptance. The Company also has the ability to prepay principal without penalty. Debt issuance costs related to this facility are amortized over the facility's term.

Interest on long-term debt (including the amortization of debt issuance costs) for the nine months ended September 30, 2012 was $27,232 (year ended December 31, 2011 – $36,312).

The Company also has an extendible operating loan facility, which includes overdraft protection in the amount of $20,000. The interest rate is based on the parameters of certain bank covenants in the same fashion as the revolving term facility. Drawdowns under this facility are repayable on September 27, 2015, assuming the facility is not extended. The term and commencement of principal repayments may be extended by one year on each anniversary at the Company's request and lender's acceptance. The operating facility is secured by the Canadian and U.S. assets of the Company.

At September 30, 2012, the Company had utilized $3,490 of its loan facility for letters of credit, leaving $246,510 in available credit.

Subsequent to September 30, 2012, the revolving term loan facility and operating loan facility were extended. The revolving term loan facility was increased to $280,000 and is based on the parameters of certain bank covenants. For prime-based loans, the rate ranges from prime plus 0.5 percent to prime plus 1.25 percent. For LIBOR-based loans and bankers' acceptance-based loans, the margin thereon ranges from 1.5 percent to 2.25 percent above the respective base rates for such loans. The facility is repayable on or before its maturity date of September 27, 2016, assuming the facility is not extended. The maturity date may be extended by one or more years at the Company's request and lenders' acceptance. The Company also has the ability to prepay principal without penalty.

5. FINANCE LEASE OBLIGATIONS

As at	**September 30, 2012**	December 31, 2011
(C$000s)	**($)**	($)
Finance lease contracts bearing interest at 5.68%, repayable at $49 per month, secured by certain equipment	**899**	2,579
Less: interest portion of contractual payments	**(24)**	(105)
	875	2,474
Less: current portion of finance lease obligations	**(875)**	(1,734)
	–	740

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

6. CAPITAL STOCK

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

	Nine Months Ended September 30, 2012		Year Ended December 31, 2010	
Continuity of Common Shares	**Shares**	**Amount**	Shares	Amount
	(#)	**(C$000s)**	(#)	(C$000s)
Balance, beginning of period	**43,709,073**	**271,817**	43,488,099	263,490
Issued upon exercise of stock options	**646,263**	**13,899**	434,250	9,656
Dividend Reinvestment Plan shares issued (note 20)	**369,648**	**7,854**	–	–
Shares cancelled (note 8)	**–**	**–**	(16,476)	(105)
Purchased under Normal Course Issuer Bid	**–**	**–**	(196,800)	(1,224)
Balance, end of period	**44,724,984**	**293,570**	43,709,073	271,817

The weighted average number of common shares outstanding for the nine months ended September 30, 2012 was 44,214,061 basic and 44,722,718 diluted (nine months ended September 30, 2011 – 43,649,499 basic and 44,436,450 diluted). The difference between basic and diluted shares is attributable to the dilutive effect of stock options issued by the Company as disclosed in note 9.

7. NORMAL COURSE ISSUER BID

The Company received regulatory approval to purchase its own common shares in accordance with a Normal Course Issuer Bid for the one-year period November 7, 2011 through November 6, 2012. No shares were purchased during the period January 1, 2012 through September 30, 2012. During the year ended December 31, 2011, 196,800 common shares were purchased at a cost of $4,926 and, of the amount paid, $1,224 was charged to capital stock and $3,702 to retained earnings. The common shares were cancelled prior to December 31, 2011.

The Company has filed a Notice of Intention to make a Normal Course Issuer Bid with the Toronto Stock Exchange. Under the Normal Course Issuer Bid, the Company will be permitted to acquire up to approximately 3.3 million of its common shares during the period November 12, 2012 through November 11, 2013. Any shares acquired under the bid will be cancelled. A copy of the Notice of Intention to make a Normal Course Issuer Bid is available without charge on request to the Company's Corporate Secretary.

8. CONTRIBUTED SURPLUS

Continuity of Contributed Surplus	**Nine Months Ended September 30, 2012**	Year Ended December 31, 2011
(C$000s)	**($)**	($)
Balance, beginning of period	**24,170**	15,468
Stock options expensed	**5,064**	8,500
Stock options exercised	**(3,370)**	(2,109)
Shares cancelled	**–**	105
Denison Plan of Arrangement	**–**	2,206
Balance, end of period	**25,864**	24,170

The Plan of Arrangement that governed the amalgamation with Denison in 2004 included a six-year "sunset clause" which provided that untendered shares would be surrendered to the Company after six years. On January 19, 2011, 16,476 common shares of the Company previously held in trust for untendered shareholders were cancelled. In addition, the Company became entitled to approximately 517,000 shares of Denison Mines Corporation. These shares were sold on the Toronto Stock Exchange for net proceeds of approximately $2,189.

For accounting purposes, the cancellation of the 16,476 common shares was recorded as a reduction of capital stock and an increase in contributed surplus in the amount of $105, which represents the book value of the cancelled shares as of the date of amalgamation with Denison on March 24, 2004. The receipt and sale of the shares of Denison Mines Corporation is considered an equity contribution by the Company's owners. Consequently, the net proceeds from their sale, along with approximately $17 of cash received in respect of fractional share entitlements, were added to contributed surplus in an amount totalling $2,206.

9. STOCK-BASED COMPENSATION

(a) Stock Options

Nine Months Ended September 30,	**2012**		2011	
Continuity of Stock Options	**Options**	**Average Exercise Price**	Options	Average Exercise Price
	(#)	**(C$)**	(#)	(C$)
Balance, beginning of period	**3,198,475**	**23.31**	2,583,825	17.50
Granted during the period	**673,400**	**27.88**	1,127,800	34.30
Exercised for common shares	**(646,263)**	**16.29**	(409,400)	17.44
Forfeited	**(272,475)**	**26.32**	(98,275)	25.34
Balance, end of period	**2,953,137**	**25.60**	3,203,950	23.18

Stock options vest equally over four years and expire five years from the date of grant. The exercise price of outstanding options ranges from $8.35 to $37.18, with a weighted average remaining life of 2.79 years. When stock options are exercised, the proceeds, together with the amount of compensation expense previously recorded in contributed surplus, are added to capital stock.

(b) Restricted Share Units

During the first quarter of 2012, the Company commenced granting of restricted share units to its employees. These units vest equally over three years and are settled either in cash (equal to the market value of the underlying shares at the time of exercise) or in Company shares purchased on the open market. The fair value of the restricted share units is recognized over the vesting period, based on the current market price of the Company's shares. For the nine months ended September 30, 2012, $2,670 of compensation expense was recognized for restricted share units (nine months ended September 30, 2011 – $nil). This amount is included in selling, general and administrative expense. There were 246,205 restricted share units outstanding as at September 30, 2012.

10. FINANCIAL INSTRUMENTS

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

The fair values of financial instruments included in the consolidated balance sheets, except long-term debt, approximate their carrying amounts. The fair value of the senior unsecured notes, based on the closing market price at September 30, 2012, was $438,016 before deduction of unamortized debt issuance costs (December 31, 2011 – $446,209). The carrying value of the senior unsecured notes at September 30, 2012 was $442,440 before deduction of unamortized debt issuance costs (December 31, 2011 – $457,650). The fair values of the remaining long-term debt and finance lease obligations approximate their carrying values, as described in notes 4 and 5.

11. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2012	2011	**2012**	2011
(C$000s)	**($)**	($)	**($)**	($)
Accounts receivable	**(93,203)**	(120,052)	**9,650**	(125,478)
Income taxes recoverable/payable	**2,744**	(1,396)	**1,393**	626
Inventory	**(8,102)**	(17,966)	**(29,256)**	(31,624)
Prepaid expenses and deposits	**2,589**	(2,590)	**(2,995)**	(3,631)
Accounts payable and accrued liabilities	**34,795**	52,736	**6,448**	55,172
Other long-term liabilities	**(51)**	(25)	**(289)**	(109)
	(61,228)	(89,293)	**(15,049)**	(105,044)

Purchase of property, plant and equipment is comprised of:

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2012	2011	**2012**	2011
(C$000s)	**($)**	($)	**($)**	($)
Property, plant and equipment additions	**(63,962)**	(85,130)	**(223,323)**	(222,954)
Change in liabilities related to purchase of property, plant and equipment	**8,642**	(13,460)	**17,340**	(6,774)
	(55,320)	(98,590)	**(205,983)**	(229,728)

12. CAPITAL STRUCTURE

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

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

The Company monitors its capital structure and financing requirements using, amongst other parameters, the ratio of long-term debt to cash flow. Cash flow for this purpose is calculated on a 12-month trailing basis and is defined below.

For the Twelve Months Ended	**September 30, 2012**	December 31, 2011
(C$000s)	**($)**	($)
Net income	**164,238**	187,157
Adjusted for the following:		
Depreciation	**89,743**	87,457
Amortization of debt issuance costs and debt discount	**1,240**	1,207
Stock-based compensation	**7,406**	8,500
Unrealized foreign exchange (gains) losses	**(9,730)**	11,945
Loss (gain) on disposal of property, plant and equipment	**860**	(88)
Deferred income taxes	**70,922**	87,037
Cash flow	**324,679**	383,215

The ratio of long-term debt to cash flow does not have any standardized meaning under IFRS and may not be comparable to similar measures used by other companies.

At September 30, 2012, the long-term debt to cash flow ratio was 1.34:1 (December 31, 2011 – 1.18:1) calculated on a 12-month trailing basis as follows:

As at	**September 30, 2012**	December 31, 2011
(C$000s, except ratio)	**($)**	($)
Long-term debt (net of unamortized debt issuance costs) (note 4)	**436,619**	451,021
Cash flow	**324,679**	383,215
Long-term debt to cash flow ratio	**1.34:1**	1.18:1

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

The Company's capital management objectives, evaluation measures and targets have remained unchanged over the periods presented.

13. PURCHASE OBLIGATIONS

The Company has obligations for the purchase of products, services and capital assets over the next four years that total approximately $224,321.

14. RELATED-PARTY TRANSACTIONS

An entity controlled by a director of the Company provides ongoing real estate advisory services to the Company. The fees charged for such services for the nine months ended September 30, 2012 were $24 (year ended December 31, 2011 – $90), as measured at the exchange amount.

In November 2010, the Company lent a senior officer $2,500 to purchase common shares of the Company on the Toronto Stock Exchange. The loan is on a non-recourse basis and is secured by the common shares acquired with the loan proceeds. It is for a term of five years and bears interest at 3.375 percent per annum, payable annually. The market value of the shares that secure the loan was approximately $2,002 as at September 30, 2012 (December 31, 2011 – $2,411). In accordance with applicable accounting standards regarding share purchase loans receivable, this loan is classified as a reduction of shareholders' equity due to its non-recourse nature. In addition, the shares purchased with the loan proceeds are considered to be, in substance, stock options.

The Company leases certain premises from an entity controlled by a director of the Company. The rent charged for these premises for the nine months ended September 30, 2012 was $267 (year ended December 31, 2011 – $312), as measured at the exchange amount.

15. PRESENTATION OF EXPENSES

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

- operations; and
- selling, general and administrative.

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

Additional information on the nature of expenses is as follows:

Nine Months Ended September 30,	**2012**	2011
(C$000s)	**($)**	($)
Product costs	**374,947**	269,359
Depreciation	**66,747**	64,461
Amortization of debt issuance costs and debt discount	**922**	889
Employee benefits expense (note 16)	**268,382**	220,332

16. EMPLOYEE BENEFITS EXPENSE

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

Nine Months Ended September 30,	**2012**	2011
(C$000s)	**($)**	($)
Salaries and short-term employee benefits	**253,415**	210,254
Post-employment benefits (group retirement savings plan)	**2,499**	2,072
Share-based payments	**10,901**	7,720
Termination benefits	**1,567**	286
	268,382	220,332

17. CONTINGENCIES

Greek Litigation

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

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

In 1999, the largest group of plaintiffs received a ruling from the Athens Court of First Instance that their termination was invalid and that salaries in arrears amounting to approximately $8,649 (6,846 euros) plus interest were due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. The said group of former employees filed an appeal with the Supreme Court of Greece, which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered in June 2010. NAPC and the Company are assessing available rights of appeal to any other levels of court in any jurisdiction where such an appeal is warranted.

Several other smaller groups of former employees have filed similar cases in various courts in Greece. One of these cases was heard by the Athens Court of First Instance on January 18, 2007. By judgment rendered November 23, 2007, the plaintiff's allegations were partially accepted, and the plaintiff was awarded compensation for additional work of approximately $44 (35 euros), plus interest. The appeal of this decision was heard on June 2, 2009, at which time an additional claim by the plaintiff was also heard. A decision in respect of the hearing has been rendered which accepted NAPC's appeal of the initial claim and partially accepted the additional claim of the plaintiff, resulting in an award of approximately $14 (11 euros), plus interest.

Another one of the lawsuits seeking salaries in arrears of $162 (128 euros) plus interest, was heard by the Supreme Court of Greece on November 6, 2007, at which date the appeal of the plaintiffs was denied for technical reasons due to improper service. A rehearing of this appeal was heard on September 21, 2010 and the decision rendered declared once again the appeal inadmissible due to technical reasons. The remaining action, which is seeking salaries in arrears of approximately $555 (439 euros) plus interest, was scheduled to be heard before the Athens Court of First Instance on October 1, 2009, but was adjourned until November 18, 2011 as a result of the Greek elections. On November 18, 2011 the hearing of this claim was again postponed until May 24, 2012, on which date it was further postponed until February 22, 2013.

The maximum aggregate interest payable under the claims noted above amounted to $14,543 (11,511 euros) as at September 30, 2012.

The previously disclosed agreement with a Greek exploration and production company pursuant to which the Company had agreed to assign approximately 90 percent of its entitlement under an offshore licence agreement for consideration including a full indemnity in respect of the Greek legal claims described above has expired in accordance with its terms. Notwithstanding such expiry, the Greek exploration and production company continues to work towards the satisfaction of the conditions precedent in the expired agreement in order to facilitate a closing.

Management is of the view that it is improbable there will be an outflow of economic resources from the Company to settle these claims. Consequently, no provision has been recorded in these interim consolidated financial statements.

U.S. Litigation

A collective and class action claim was filed against the Company on September 27, 2012 in the United States District Court for the Western District of Pennsylvania. The direction and financial consequences of the complaint cannot be determined at this time and consequently, no provision has been recorded in the Company's financial statements.

18. SEGMENTED INFORMATION

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

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

	Canada	United States	Russia	Latin America	Corporate	Consolidated
(C$000s)	($)	($)	($)	($)	($)	($)
Three Months Ended September 30, 2012						
Revenue	**200,763**	**158,473**	**31,228**	**27,378**	**–**	**417,842**
Operating income (loss) [1]	**56,371**	**22,674**	**3,495**	**1,990**	**(13,926)**	**70,604**
Segmented assets	**727,781**	**590,146**	**123,185**	**91,436**	**–**	**1,532,548**
Capital expenditures	**22,184**	**39,256**	**1,610**	**912**	**–**	**63,962**
Goodwill	**7,236**	**2,308**	**979**	**–**	**–**	**10,523**
Three Months Ended September 30, 2011						
Revenue	230,011	165,114	29,233	16,133	–	440,491
Operating income (loss) [1]	87,203	46,291	3,345	(416)	(9,896)	126,527
Segmented assets	662,917	503,107	123,869	43,533	–	1,333,426
Capital expenditures	43,088	38,179	2,864	999	–	85,130
Goodwill	7,236	2,308	979	–	–	10,523
Nine Months Ended September 30, 2012						
Revenue	**531,306**	**528,508**	**88,569**	**79,346**	**–**	**1,227,729**
Operating income (loss) [1]	**139,533**	**99,641**	**6,820**	**5,738**	**(37,937)**	**213,795**
Segmented assets	**727,781**	**590,146**	**123,185**	**91,436**	**–**	**1,532,548**
Capital expenditures	**102,686**	**111,978**	**3,719**	**4,940**	**–**	**223,323**
Goodwill	**7,236**	**2,308**	**979**	**–**	**–**	**10,523**
Nine Months Ended September 30, 2011						
Revenue	518,047	405,220	85,367	38,721	–	1,047,355
Operating income (loss) [1]	160,141	123,917	8,924	(1,393)	(29,125)	262,464
Segmented assets	662,917	503,107	123,869	43,533	–	1,333,426
Capital expenditures	104,045	109,949	7,461	1,499	–	222,954
Goodwill	7,236	2,308	979	–	–	10,523

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

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2012	2011	**2012**	2011
(C$000s)	**($)**	($)	**($)**	($)
Net income	**26,655**	47,285	**85,380**	108,299
Add back (deduct):				
Depreciation	**22,406**	21,897	**66,747**	64,461
Interest	**9,504**	8,739	**27,421**	26,436
Foreign exchange (gains) losses	**(358)**	23,720	**(4,442)**	13,244
Loss (gain) on disposal of property, plant and equipment	**88**	765	**632**	(316)
Income taxes	**12,309**	24,121	**38,057**	50,340
Operating income	**70,604**	126,527	**213,795**	262,464

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

The following table sets forth consolidated revenue by service line:

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2012	2011	**2012**	2011
(C$000s)	**($)**	($)	**($)**	($)
Fracturing	**376,030**	405,747	**1,104,690**	957,307
Coiled tubing	**28,579**	25,548	**80,577**	68,143
Cementing	**7,865**	5,980	**24,568**	14,161
Other	**5,368**	3,216	**17,894**	7,744
	417,842	440,491	**1,227,729**	1,047,355

19. SEASONALITY OF OPERATIONS

The Company's Canadian business is seasonal. The lowest activity is typically experienced during the second quarter of the year when road weight restrictions are in place and access to wellsites in Canada is reduced.

20. DIVIDEND REINVESTMENT PLAN

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

A dividend of $0.10 per common share was declared on December 8, 2011 and paid on January 31, 2012. Of the total dividend in the amount of $4,376, $1,771 was reinvested under the DRIP into 71,189 common shares of the Company.

A dividend of $0.50 per common share was declared on June 15, 2012 and paid on July 16, 2012. Of the total dividend in the amount of $22,182, $6,083 was reinvested under the DRIP into 298,459 common shares of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ronald P. Mathison (1)(2)
Chairman
President &
Chief Executive Officer
Matco Investments Ltd.

Douglas R. Ramsay (4)
Chief Executive Officer
Calfrac Well Services Ltd.

Kevin R. Baker (2)(3)
President &
Managing Director
Baycor Capital Inc.

James S. Blair (3)(4)
President &
Chief Executive Officer
Glenogle Energy Inc.

Gregory S. Fletcher (1)(2)
President
Sierra Energy Inc.

Lorne A. Gartner (1)(4)
Independent Businessman

R.T. (Tim) Swinton (1)(2)(3)
Independent Businessman

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

OFFICERS

Douglas R. Ramsay
Chief Executive Officer

Fernando Aguilar
President &
Chief Operating Officer

Laura A. Cillis
Senior Vice President, Finance &
Chief Financial Officer

Robert J. Montgomery
President,
Canadian Operating Division

Robert L. Sutherland
President,
Russian Operating Division

OFFICERS

O. Alberto Bertolin
Director General,
Latin America Division

Armando J. Bertolin
Director General,
Latin America Division

Dwight M. Bobier
Senior Vice President,
Technical Services

Tom J. Medvedic
Senior Vice President,
Corporate Development

L. Lee Burleson
Vice President,
Sales & Marketing
United States
Operating Division

R. Leron Crapo
Vice President,
Operations Finance

Chris K. Gall
Vice President,
Global Supply Chain

Roderick P. Kuntz
Vice President,
Health, Safety & Environment

Umberto Marseglia
Vice President, Global Business

Edward L. Oke
Vice President,
Human Resources

Michael D. Olinek
Vice President, Finance

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

F. Bruce Payne
Vice President,
Global Operations

Donald L. Purvis
Vice President,
Technical Services
United States
Operating Division

Gary J. Rokosh
Vice President, Sales,
Marketing & Engineering
Canadian Operating Division

Matthew L. Mignault
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LEGAL COUNSEL

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STOCK EXCHANGE LISTING

Trading Symbol: CFW

OPERATING BASES

Alberta, Canada
Calgary – Head Office
Calgary – Technology and Training Centre
Edson
Grande Prairie
Medicine Hat
Red Deer

British Columbia, Canada
Dawson Creek
Fort Nelson

Saskatchewan, Canada
Estevan

Colorado, United States
Denver – Regional Office
Grand Junction
Platteville

Arkansas, United States
Beebe

Pennsylvania, United States
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REGISTRAR AND TRANSFER AGENT

For information concerning lost share certificates and estate transfers or for a change in share registration or address, please contact the transfer agent and registrar at 1-800-564-6253 or by email at service@computershare.com, or write to:

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