CALFRAC WELL SERVICES LTD.

ANNUAL INFORMATION FORM

For the year ended December 31, 2013

March 24, 2014

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FORWARD-LOOKING STATEMENTS

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

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

- capital expenditure programs;
- results of acquisitions;
- the Corporation's growth strategy and prospects;
- the impact of environmental regulations on the Corporation's business;
- exposure under existing legal proceedings;
- projections of market prices and costs;
- supply and demand for oilfield services;
- expectations regarding the Corporation's ability to maintain its competitive position;
- expectations regarding the Corporation's ability to raise capital;
- expectations regarding trends in, and the growth prospects of, the global oil and gas industry;
- treatment under governmental regulatory regimes; and
- commodity prices.

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

- the general stability of the economic and political environment in which the Corporation operates;
- the Corporation's expectations for its customers' capital budgets and geographical areas of focus;
- the Corporation's existing contracts and the status of current negotiations with key customers and suppliers;
- the focus of the Corporation's customers on oil and liquids-rich plays in the current natural gas pricing environment in North America;
- the effect unconventional gas projects have had on supply and demand fundamentals for natural gas; and
- the likelihood that the current tax and regulatory regime will remain substantially unchanged.

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

- general economic conditions in Canada, the United States, Russia, Mexico and Argentina;
- the demand for fracturing and other stimulation services during drilling and completion of oil and natural gas wells;
- volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally;
- regional competition;
- liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations;
- changes in legislation and the regulatory environment;
- sourcing, pricing and availability of raw materials, component parts, equipment, suppliers, facilities and skilled personnel;
- the ability to integrate technological advances and match advances from competitors;
- the availability of capital on satisfactory terms;
- intellectual property risks;
- uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed;
- dependence on, and concentration of, major customers;
- the creditworthiness and performance by the Corporation's counterparties and customers;
- liabilities and risks associated with prior operations;
- the effect of accounting pronouncements issued periodically;
- failure to realize anticipated benefits of acquisitions and dispositions;
- currency exchange rate risk; and
- the other factors considered under "Risk Factors".

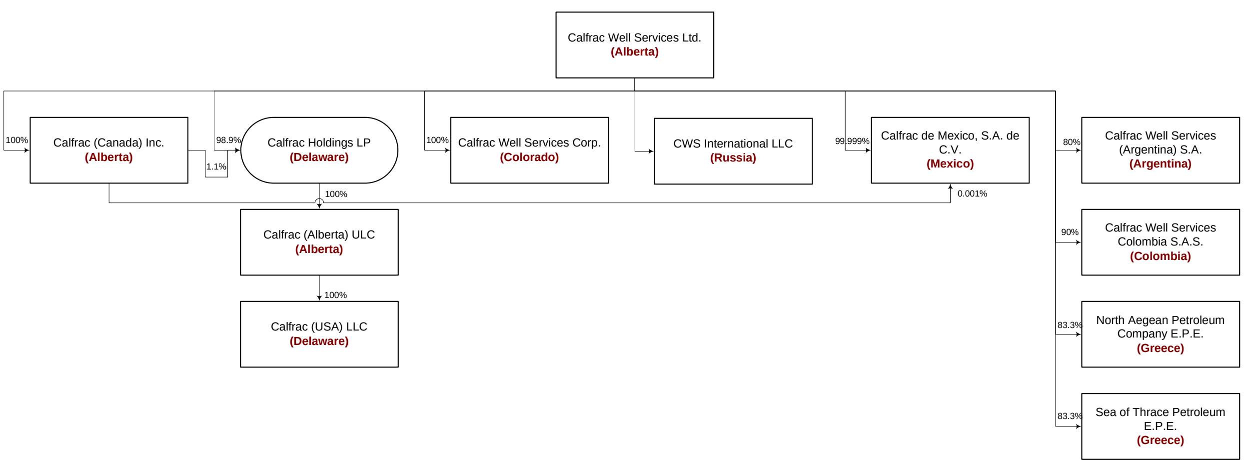
CALFRAC WELL SERVICES LTD.

Calfrac Well Services Ltd. (the "Corporation") is the corporation resulting from the amalgamation of Calfrac Well Services Ltd. (the pre-amalgamation predecessor of the Corporation) and Dominion Land Projects Ltd. under the *Business Corporations Act* (Alberta) ("ABCA") on January 1, 2011. A pre-amalgamation predecessor of the Corporation amalgamated with Century Oilfield Services Inc. ("Century") under the ABCA on January 1, 2010, and a pre-amalgamation predecessor of that entity also named Calfrac Well Services Ltd. was formed under the ABCA on March 24, 2004 by the amalgamation of Denison Energy Inc. ("Denison") and a private corporation known as Calfrac Well Services Ltd. ("CWSL"). On March 8, 2004, Denison completed an arrangement whereby almost all of Denison's assets were transferred to two new corporations, and on March 24, 2004, Denison acquired all of the shares of CWSL, then amalgamated with CWSL and changed its name to Calfrac Well Services Ltd. In this annual information form, references to the Corporation (i) as at dates or for periods prior to March 24, 2004, relate to CWSL as it existed prior to its acquisition by and amalgamation with Denison, (ii) as at dates or for periods following March 24, 2004 but prior to January 1, 2010, relate to Calfrac Well Services Ltd. as it existed prior to its amalgamation with Century and (iii) as at dates or for periods following January 1, 2010 but prior to January 1, 2011, relate to Calfrac Well Services Ltd. as it existed prior to its amalgamation with Dominion Land Projects Ltd.

The head office of the Corporation is located at 411 - 8th Avenue S.W., Calgary, Alberta T2P 1E3 and the registered office is located at 4500, 855 - 2nd Street S.W., Calgary, Alberta T2P 4K7.

Intercorporate Relationships

The following is an organizational chart of Calfrac Well Services Ltd. and its subsidiaries as at January 1, 2014, showing each entity's jurisdiction of incorporation, continuation or formation, as applicable, and the Corporation's ownership interest therein. Unless the context requires otherwise, references to the Corporation include its subsidiary entities set forth below.



GENERAL DEVELOPMENT OF THE BUSINESS

The Corporation

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

The Corporation has established this leading position in a dynamic market through an expanding geographic network, increased operating fleet and diversified customer base. The Corporation's goal is to safely and efficiently provide the highest degree of expertise, innovation and service to its customers by combining its focus on people, equipment and technology with the stability provided by a strong financial foundation. The Corporation's success thus far in achieving this goal is attributable to its ability to meet the needs of its customers by providing superior service and technologies that work in the field, which has led to strong relationships with a number of the world's leading oil and natural gas exploration and production companies. Based on horsepower ("HP"), the Corporation is one of the largest hydraulic fracturing companies in the world with a combined fleet at December 31, 2013 of 1,194,000 horsepower.

Development of the Business

Since its incorporation in 1999, the Corporation has focused on growing its operations organically during periods of high activity levels with disciplined financial management, thereby preserving a strong balance sheet to allow it to fund counter-cyclical and strategic acquisitions during commodity and financial market downturns. This strategy has been evident over the prior five-year period as the Corporation executed three acquisitions which increased its pumping capacity, generated synergies associated with bringing its chemical supply and development requirements in-house, expanded its infrastructure and provided it with additional experienced personnel required to come out of each of the previous downturns stronger than it entered. The timing of the acquisitions allowed the Corporation to acquire tangible assets at significant discounts to replacement cost, and its geographic diversification and scope of operations allowed it to efficiently deploy the acquired assets, including to regions with higher activity, with minimal delay.

In August 2009, the Corporation completed the acquisition of the fracturing assets of a United States competitor, Pure Energy Services Ltd. ("Pure"), for a total purchase price of approximately $44.5 million (including transaction costs and the assumption of approximately $3.4 million of debt). The price represented a discount to net book value and replacement cost and was paid in cash. The assets included approximately 45,000 HP, high-rate blenders and related sand-handling equipment. The Corporation also acquired certain land, a rail car lease and a rail spur associated with Pure's fracturing operations, as well as a re-negotiated sand supply agreement.

In November 2009, the Corporation completed the acquisition of Century for a total purchase price for accounting purposes of $100.9 million, including transaction costs of $5.2 million, and assumed $29.0 million of indebtedness and other liabilities, net of working capital. In connection therewith, 5,144,344 of the Corporation's common shares were issued and approximately $13.5 million in cash was paid for the acquisition of all the common shares of Century. Century, founded in 2005, was a provider of fracturing services in the Western Canadian Sedimentary Basin (the "WCSB") at the time it was acquired by the Corporation. Century had approximately 70,000 HP, 12 blenders, 10 coiled tubing units as well as other related equipment and real property assets in Alberta and Saskatchewan. Subsequent to the closing of the Century transaction, the Corporation's Canadian division rationalized its real property portfolio by selling redundant properties in Grande Prairie, Red Deer and Medicine Hat for aggregate gross proceeds of approximately $4.8 million. A business acquisition report on Form 51-102F4 was filed on January 25, 2010 in respect of the Century acquisition and can be accessed via SEDAR at www.sedar.com.

In October 2013, the Corporation completed the acquisition of all of the operating assets (the "Mission Assets") of Mission Well Services, LLC ("Mission"), a privately-held hydraulic fracturing and coiled tubing services provider focused in the Eagle Ford shale region of Texas (the "Mission Asset Acquisition"), for a total purchase price of approximately $150.7 million (including transaction costs), which included certain working capital associated with the ongoing operations of the business. The purchase price was approximately equal to the net book value of the Mission Assets and represented a discount to replacement value. The Mission Assets included approximately 157,500 HP, along with high-rate blenders, related sand-handling and auxiliary equipment, three deep capacity coiled tubing units with related fluid and nitrogen pumping units and a modern district facility in San Antonio, Texas. As a result of the Mission Asset Acquisition, the Corporation gained a foothold in the Texas market with the addition of locations in Houston, San Antonio and Teague. The Corporation also assumed certain commitments with key suppliers of Mission and employed substantially all of Mission's employee base in order to continue to serve Mission's customers following the completion of the acquisition.

In 2007, the Corporation expanded its geographic footprint from Canada, the United States and Russia to include Mexico by executing a contract with Pemex Exploracion y Produccion ("Pemex") for the provision of hydraulic fracturing services in the Burgos field of northern Mexico. Mexican operations commenced from a district base in Reynosa, Mexico with one fracturing spread and related support equipment, and have subsequently grown to include an additional operating base in Poza Rica servicing the Chicontepec field and an expanded service line that includes cementing, as well as fracturing and coiled tubing. In November 2012, the Corporation performed its first multi-stage hydraulic fracturing job on a horizontal well in Mexico.

In the first quarter of 2008, the Corporation incorporated a majority-owned subsidiary in Argentina and established a district operating base in Catriel with the support of a local management team. The Corporation's Argentinean operations have since grown to include additional operating bases in Neuquén and Las Heras. Cementing operations in Argentina commenced in the second quarter of 2008, anchored by an arrangement with a leading oil and natural gas company in that country, and fracturing operations commenced in Argentina in May 2013. The Corporation's Mexican and Argentinean operations were consolidated in 2009 by establishing a Latin America operating division effective January 1 of that year. The Corporation has assembled an experienced management team for its Latin America division which is expected to continue to drive future operational and financial performance improvements within the division. The Corporation incorporated a majority-owned subsidiary in Colombia and commenced cementing operations late in the third quarter of 2011 and expects this region to provide growth opportunities in the future.

The Corporation has also continued to increase its scope of operations in Russia, which commenced in 2005 with two deep coiled tubing units and has been augmented to comprise seven deep coiled tubing units and six fracturing spreads. In September 2012, the Corporation began executing multi-stage hydraulic fracturing jobs on horizontal wells in Russia and since then the number of such jobs in Russia has steadily increased. In addition, the Corporation recently introduced two inch coiled tubing services into its Russian service offering which provides another platform for growth in this market segment. The Corporation also recently increased its presence in Russia by establishing an operating base in Usinsk, Russia in order to provide pressure pumping services for a new customer in that region. Given Russia's position as the largest producer of oil, the second largest producer of natural gas and the third largest fracturing market in the world, management of the Corporation continues to be of the view that the demand for Western technology in this market, coupled with the extensive Russian well service industry experience that certain of the Corporation's senior executives and management possess, leaves the Corporation well-positioned to effectively and profitably operate and grow in this market.

The Corporation's North American operations have also experienced consistent growth in recent years. The Pure acquisition completed in 2009 provided the Corporation's United States operating division increased flexibility from a commodity supply perspective as a result of a sand supply contract and a rail car lease that the Corporation acquired in the transaction. The Pure acquisition has contributed to the Corporation's increasing scope of operations in Arkansas and its entries into the Marcellus shale play in 2010 as well as the Bakken shale play in North Dakota and Montana and the Niobrara shale formation in the Denver-Julesburg basin in 2011. In addition, the Mission Asset Acquisition enabled the Corporation to expand its presence into the Eagle Ford shale play of Texas in 2013. Similarly, the Century acquisition provided the equipment, personnel and infrastructure needed to allow the Corporation's Canadian operating division to expand its presence in the Deep Basin, Montney and Horn River plays and establish a significant presence in the Viking, Cardium and Bakken plays. New operating bases were established in Dawson Creek, British Columbia in 2009 and in Red Earth, Alberta in 2011. Late in the third quarter of 2012, the Corporation completed its new district facility in Smithfield, Pennsylvania, allowing the Corporation to efficiently service the southwest portion of the Marcellus shale play and most of the emerging Utica shale play. In addition, the Corporation has recently completed a new district facility in Williston, North Dakota, which serves the Corporation's operating presence in that region.

On July 31, 2013, the Corporation announced that it entered into a multi-year minimum commitment contract for the provision of three fracturing spreads to Progress Energy Canada Ltd. ("Progress") for its Montney project in northeast British Columbia, and that the Corporation also executed a "right of first call" contract for an additional spread in respect of Progress' non-Montney work. These agreements represent another major milestone in the Corporation's long-term relationship with Progress and enable the Corporation to work closely with the Progress team to assist it in the development of its assets in the Montney play. A key driver of long-term growth for the Corporation is the emergence of liquefied natural gas export projects and therefore having long-standing customers like Progress, which is a subsidiary of Petronas, Malaysia's state energy company, and which is leading one of the largest and most advanced of the liquefied natural gas export projects being proposed for the West Coast of British Columbia, enables the Corporation to participate significantly in the development of the natural gas reserves required to support such projects.

The Corporation currently has long-term minimum commitment contracts in place with four large customers pursuant to which the Corporation is providing one fracturing crew targeting the Bakken shale play, two fracturing crews targeting the Marcellus and Utica plays, three fracturing crews targeting the Montney play and one fracturing crew targeting southern Alberta shallow gas formations. The original term of the Corporation's long-term minimum commitment contracts ranges from two to three years, and the average remaining term of such contracts as at the date hereof is approximately 14 months. The Corporation has also entered into a number of "right of first call" contracts wherein certain clients have committed to providing the Corporation with the first right to perform fracturing, coiled tubing and/or cementing services required in certain operating areas.

The Corporation has announced a capital budget for 2014 of $120 million, exclusive of carry-forward capital. The capital program will focus on maintenance and support capital and further investment in logistics equipment. Approximately $33 million of such capital is allocated to support the Corporation's growing international operations, including further investment in coiled tubing and fracturing equipment in Russia and Argentina, as the Corporation's outlook for activity in these regions continues to improve. The 2014 capital program reflects the Corporation's ongoing commitment to maintain its equipment fleet in peak operating condition, while developing further enhancements to service quality and operational efficiency. The Corporation will continue to assess opportunities to strategically expand its operations in a prudent manner and will also continue to evaluate its capital program in order to make any required adjustments as greater visibility unfolds in 2014.

The Corporation exited 2013 with approximately 1,194,000 HP, 38 coiled tubing units and 31 cementing units.

The Corporation's growth outlined above has been financed through a combination of cash flow, working capital, common share issuances, available credit facilities and the issuance of four separate tranches of senior notes, as discussed in further detail below.

In February 2007, Calfrac Holdings LP ("Calfrac Holdings") closed a private offering of US$135.0 million aggregate principal amount of 7.75% senior notes due 2015, and on December 16, 2009, Calfrac Holdings closed a second private offering of US$100.0 million aggregate principal amount of 7.75% senior notes due 2015. Both tranches of the 7.75% senior notes have been redeemed in accordance with their terms.

In September 2009, and in conjunction with the Century and Pure acquisitions, the Corporation negotiated an increase in the credit facilities available to it from $90.0 million to $170.0 million. In December 2009, the Corporation executed an amendment to the credit agreement which provided for the addition of another Canadian financial institution to the syndicate and increased the Corporation's available credit facilities to $175.0 million.

In November 2010, Calfrac Holdings closed a private offering of US$450.0 million aggregate principal amount of 7.50% senior notes due 2020. Fixed interest on the notes is payable on June 1 and December 1 of each year, and the notes will mature on December 1, 2020. Calfrac Holdings used a portion of the net proceeds of the offering to repay indebtedness, including to fund the redemption of both tranches of its 7.75% senior notes that were due 2015 as discussed above.

In September 2011, the Corporation increased its available credit facilities to $250.0 million and extended the term of these facilities to four years and in October 2012, the Corporation increased its available credit facilities to $300.0 million and extended the term to September 27, 2016. During 2013, the Corporation negotiated amendments to its credit agreement to extend the term of its credit facilities to September 27, 2017, increase the maximum outstanding principal letters of credit permitted under its syndicated facility from $10.0 million to US$50.0 million and to provide for an add-on private offering of US$150.0 million aggregate principal amount of 7.50% senior notes due 2020.

In December 2011, the Corporation adopted a Dividend Reinvestment Plan which allows shareholders to direct that cash dividends paid on all or a portion of their common shares be reinvested in additional common shares which will be issued at 95% 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.

In October 2013, Calfrac Holdings closed an add-on private offering of US$150.0 million aggregate principal amount of 7.50% senior notes due 2020. Fixed interest on the notes is payable on June 1 and December 1 of each year, and the notes will mature on December 1, 2020. The net proceeds of the offering were used to repay indebtedness under the Corporation's credit facilities that was incurred in connection with the Mission Asset Acquisition.

Michael J. (Mick) McNulty was appointed as Chief Financial Officer of the Corporation effective December 4, 2013. Mr. McNulty has over 30 years of experience in the oilfield services sector, having most recently served for Saxon Energy Services Inc. as the President and Chief Executive Officer from January 2009 until April 2013 and as the Senior Vice President and Chief Financial Officer from October 2005 until December 2008.

Douglas R. Ramsay, Co-Founder and former Chief Executive Officer of the Corporation, retired as Chief Executive Officer and was appointed as Vice Chairman of the Corporation effective January 27, 2014. Mr. Ramsay's continued responsibilities will include support work with senior executives, shareholder and customer relations, public and regulatory initiatives and various corporate initiatives. Fernando Aguilar, who joined the Corporation's board of directors in 2008 and then became the Corporation's President and Chief Operating Officer on November 1, 2010, succeeds Mr. Ramsay as President and Chief Executive Officer of the Corporation effective January 27, 2014. Mr. Aguilar was previously with CGG Veritas from 2004 to 2010, where he held several leadership positions, most recently serving as President, Geophysical Services for the Americas. Prior to joining CGG Veritas, Mr. Aguilar was with Schlumberger for 22 years, serving in roles with increasing responsibilities in the technology, business and oilfield service sectors, predominantly in the Pressure Pumping, Wireline and Testing groups. Mr. Aguilar's last position with Schlumberger was Vice President, Oilfield Services.

Description of Services

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

Fracturing Services. The principal focus of the Corporation's business is the provision of hydraulic fracturing services to oil and natural gas exploration and production companies. The objective of hydraulic fracturing is to increase the conductivity of an oil or natural gas zone within a reservoir to the wellbore, thus increasing the flow of hydrocarbons, allowing a greater proportion of hydrocarbons to be extracted or produced from that zone. The completion of "unconventional reservoirs", including unconventional oil and gas shales, siltstones, mudstones and other traditionally bypassed reservoirs is a technically and operationally challenging segment of the fracturing market that is currently experiencing strong growth worldwide, and is characterized by increasing numbers of horizontal wells, multi-stage fracture treatments and elevated pumping pressure demands. The Corporation has become a leading service provider in the deeper, more technical areas of Alberta, northeast British Columbia, Saskatchewan, Manitoba, Colorado, North Dakota, Montana, Utah, Arkansas, Ohio, Pennsylvania, West Virginia and Texas by offering innovative equipment, technology solutions and highly trained personnel to execute these difficult projects. The Corporation currently operates approximately 389,000 HP from seven operating districts in Canada with facilities located in Grande Prairie, Red Deer, Medicine Hat, Edson and Red Earth, Alberta, Dawson Creek, British Columbia, and Estevan, Saskatchewan; approximately 662,000 HP from eight operating districts in the United States located in Platteville and Grand Junction, Colorado, Beebe, Arkansas, Smithfield and Philipsburg, Pennsylvania, Williston, North Dakota, and Teague and San Antonio, Texas; approximately 45,000 HP from two operating districts located in Reynosa and Poza Rica, Mexico; approximately 36,000 HP from three operating districts located in Neuquén, Catriel and Las Heras, Argentina; and approximately 62,000 HP from four facilities located in Noyabrsk, Khanty-Mansiysk, Nefteugansk and Usinsk, Russia. For each of the years ended December 31, 2013 and 2012, fracturing services accounted for 92% of the Corporation's revenue.

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

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

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

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

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

Coiled Tubing Services. The Corporation provides coiled tubing services by running tubing into wells to perform various well servicing operations. Coiled tubing units are often used together with the appropriate support equipment to pump nitrogen, acid or air into wells in order to remove unwanted corrosive acids, solids, gels and fluids from the wellbore and producing zone. Coiled tubing units can also be used to set and remove tools, perform well abandonments and set siphon or velocity strings, which promote the production of oil and natural gas without the accumulation of fluid in the wellbore. Coiled tubing remains the preferred completion tool for drilling out composite plugs and ball seats in horizontal wells after multi-stage fracturing jobs. Since 1999, the Corporation has successfully developed innovative equipment and treating procedures required to effectively complete coiled tubing assignments, from relatively simple shallow oil and natural gas operations to deeper, more technically challenging horizontal wells. Through the acquisition of Century in November 2009, the Corporation acquired ten deep coiled tubing units, which were specifically designed to operate in the unconventional resource plays of western Canada. In addition, the Corporation acquired three deep coiled tubing units as part of the Mission Asset Acquisition, two of which have been re-allocated to the Marcellus play and one of which has been re-allocated to the Bakken shale play, and it also acquired three deep coiled tubing units as part of a transaction with a competitor in Texas in November 2013. Such coiled tubing units are expected to assist the Corporation in serving a growing part of its business in the United States. The Corporation currently has 21 coiled tubing units in Canada, seven coiled tubing units in the United States, seven coiled tubing units in Russia and three coiled tubing units in Argentina. For the years ended December 31, 2013 and 2012, coiled tubing services accounted for 5% and 6%, respectively, of the Corporation's revenue.

Cementing Services. Drilling for oil and natural gas involves penetrating numerous geological layers, many of which may be saturated with fresh or salt water, oil, natural gas, or combinations of all three. To protect groundwater from contamination emanating from the wellbore, surface casing is run to a depth below the level of groundwater and fresh water aquifers and cemented in place. In many wells, intermediate and production casing is also run below the level of surface casing and cemented in place. Once the cement has hardened, all of the geological formations that have been penetrated are isolated from each other and the completion of the well can proceed. The Corporation has grown this service line through acquisitions and capital investment. In the fourth quarter of 2007, the Corporation incorporated a majority owned subsidiary in Argentina to perform cementing services in that jurisdiction, and operations in Argentina commenced early in the second quarter of 2008. In the second quarter of 2009, the Corporation suspended primary cementing operations in Canada and redeployed a significant portion of this equipment into the United States and Latin America. The Corporation currently operates nine cementing units from its operating base in Beebe, Arkansas, seven cementing units from its operating base in Smithfield, Pennsylvania, two cementing units from its operating base in Poza Rica, Mexico, nine cementing units from its operating bases in Neuquén, Catriel and Las Heras, Argentina and four cementing units from its operating base in Bogota, Colombia. For the years ended December 31, 2013 and 2012, cementing services accounted for 3% and 2%, respectively, of the Corporation's revenue.

Industry

After more than four years of strong worldwide exploration and production spending from 2004 through early 2008, the oil and gas industry witnessed a major decline in worldwide demand and commodity prices beginning in mid-2008. When the global economic downturn began, there was a rapid decline in oil and natural gas prices and a significant decrease in 2009 capital budgets for many oil and natural gas companies. This decline in capital spending was evidenced by a decrease in the North American drilling rig count from a peak of 2,467 on August 29, 2008 to a low of 974 on May 22, 2009, a decrease of 61% according to the Baker Hughes Rig Count. However, healthy growth returned to the market from 2010 to 2012 and the North American drilling rig count returned to a high of 2,707 on February 3, 2012, a 10% increase over the previous high in 2008 according to the Baker Hughes Rig Count. Global oil demand grew 1.8 million barrels per day ("MMBpd") in 2010 and 0.8 MMBpd in 2011, or an increase of 0.9% over 2010. Despite this modest growth, world oil prices experienced significant volatility during 2011, lifted by the Arab spring and Japanese nuclear crisis and negatively impacted by the European sovereign debt crisis and renewed risk of a double-dip recession in the United States. During 2012, global oil prices remained relatively stable and demand growth continued with an increase to 89.8 MMBpd, which translates to growth of 1.0 MMBpd or 1.1% over 2011, primarily as a result of stronger than expected fourth-quarter demand data in the United States, China and Brazil. The International Energy Agency boosted its 2013 global oil demand estimate to 90.8 MMBpd, representing growth of 1.0% over 2012. The prospects for continued growth in 2014 are supported by expectations of moderate global GDP growth.

Heading into 2014, it appeared as though natural gas fundamentals would remain challenged but a colder than average winter in late 2013 and early 2014 has resulted in significant decreases in natural gas inventories and United States GDP growth forecasts suggest that demand will increase over the next two years, with 2.8% and 3.0% growth projected in 2014 and 2015 by the International Monetary Fund. United States production is expected to increase 1.0% in 2014. Continuing declines in the Haynesville, Fayetteville and Barnett will be offset by growth in the Marcellus and associated natural gas production in the Eagle Ford. As mentioned above, with below average temperatures in late 2013 and early 2014, natural gas inventories have been heading towards their lowest level since the 2005 and 2008 winter seasons.

The main factor influencing demand for fracturing services is the level of horizontal drilling activity by exploration and production companies around the world as well as fracturing requirements in the respective resource plays. The Corporation has witnessed a dramatic increase over the last decade in the development of oil and natural gas-producing shale and tight reservoir formations in North America that has resulted in a significant increase in horizontal drilling activity. At the end of 1999, according to the Baker Hughes Rig Count, 48 horizontal drilling rigs were operating throughout the United States, or 6% of the total operating United States rig count. In December 2013, that number increased to 1,368 horizontal drilling rigs operating in North America, according to the Baker Hughes Rig Count, representing 65% of the total United States rig count, and 84% of the total Canadian rig count. Over the past several years, unconventional oil opportunities have gained favour throughout North America, evidenced by the strong growth in oil directed drilling. In March 2013, there was a high of 1,842 rigs drilling for oil in North America (1,333 in the United States and 509 in Canada), according to the Baker Hughes Rig Count. That activity level compares to the North American total of 242 at year end 1999 and represents the highest number of oil directed rigs drilling in North America since the 1980s. As of December 2013, the United States oil rig count was 1,382, slightly down from 2013 highs, but representing a year to date increase of approximately 4% when the total oil rig count stood at 1,327 as of the year ended 2012. The Corporation's services, when utilized, are typically a large component of well cost, comprising between 10% and 15% of well cost in a vertical well application and between 30% and 60% of well cost in a horizontal well application.

The pressure pumping industry provides hydraulic fracturing and other well stimulation services to exploration and production companies. Over the last ten years, the pressure pumping market has evolved from an industry dominated by three major players to an industry where smaller, independent operators have made significant strides with technological advances. In 1999, the top three pressure pumping companies held a vast majority of market share at 87%. By 2013, independent fracturing companies, like the Corporation, captured 41% of the global market share. In terms of revenue growth, the market grew at a compounded annual growth rate of 21% from 1999 through 2008. In the midst of the 2008-2009 downturn in the commodity cycle, the pressure pumping market declined by 31%. On the heels of a market turnaround, renewed growth came back to the market from 2010 to 2012. Based on information from Spears & Associates, Inc., the hydraulic fracturing market grew 66% in 2010, 67% in 2011, 3% in 2012, 2% in 2013 and is expected to grow 6% in 2014. Many of the new shale plays under development are in tight, high pressure reservoirs that require an increasing number of fracturing stages and more technically sophisticated forms of proppant. As recently as 2008, new horizontal wells required ten fracturing stages per well to stimulate the flow of hydrocarbons from the reservoir. Today, some operators are completing more than 40-50 fracturing stages per horizontal well. The additional horizontal drilling activity coupled with the demanding characteristics of unconventional reservoirs puts ever increasing demands on hydraulic fracturing equipment. According to Spears & Associates, Inc., the total size of the global hydraulic fracturing market, based on revenue, was estimated to have reached $34.7 billion in 2012, $35.3 billion in 2013 and is expected to grow a further 6% in 2014 to $37.4 billion.

Coiled tubing remains the preferred completion tool for drilling out composite plugs and ball seats in horizontal wells after multi-stage fracturing jobs. Throughout North America from 2010 to 2012, coiled tubing units capable of running two inch and larger pipe remained in short supply and therefore, many large diameter coiled tubing units were being rented out at premium pricing. However, the growth in the North American coiled tubing market has decreased to less than 10% per year. According to Spears & Associates, Inc., the total size of the global coiled tubing market, based on revenue, was estimated to have reached $5.3 billion in 2012, $5.4 billion in 2013 and is expected to grow a further 4% in 2014, to an estimated $5.6 billion.

Cementing is a principal component of pressure pumping services and it remains a critical step in the overall well completion process. Over the past five years, cementing services grew from a market size of $5.2 billion in 2009 to $10.2 billion in 2013, where cementing remained relatively stable at approximately 3% of the total cost to drill and complete a new well, even as overall well costs have continued to rise. The main factor influencing demand for cementing services is the amount of new well construction. When a well is drilled, steel pipe (casing) is installed in the hole, generally from bottom to top. To keep the pipe in the hole and properly isolate the rocks and fluids and gases from each other, liquid cement is pumped down inside the casing and is circulated up the outside (annulus) until none of the cement remains inside the pipe, at which point all of the cement is in the annulus and, over a period of hours, hardens. The cementing job generally requires a few hours from start to finish and the service time depends on well depth and casing size. According to Spears & Associates, Inc., global cementing services revenue grew 14% in 2012 to $9.5 billion, 7% in 2013 to $10.2 billion and is expected to grow an additional 7% in 2014 to a $10.9 billion market.

Global oil and natural gas consumption is expected to be increasingly met by unconventional production from geological formations such as coalbed methane and oil and natural gas-bearing shales and tight sands, which all require hydraulic fracturing to be productive. The Corporation remains focused on a growing segment of the market where it can successfully utilize its technological expertise and capitalize on a growing international customer base.

Competitive Strengths

Strategic position in the top three fracturing markets. The Corporation believes that it is very well-positioned in three of the most significant fracturing markets in the world: Canada, the United States and Russia, and has made a strategic entry into the Argentine fracturing, cementing and coiled tubing markets. The Corporation is one of the leading companies in the Canadian market in providing innovative hydraulic fracturing services throughout the unconventional oil and natural gas markets, and specifically, the deeper, more technical areas of the WCSB. The Corporation continues to expand its presence in the United States, where it services both the western and eastern slopes of the Rocky Mountains in the United States, including the Piceance, Uintah and Denver-Julesburg basins (which includes the Niobrara oil play of northern Colorado), the Fayetteville shale area in Arkansas, the Marcellus and Utica shale plays in Pennsylvania, West Virginia and Ohio, the Bakken shale play in North Dakota and Montana and the Eagle Ford shale play in Texas, and is well-positioned for the growing demand for the Corporation's services in these regions. In 2005, the Corporation successfully commenced operations in Russia, the world's third largest fracturing market after the United States and Canada. The Corporation's management team has extensive Russian well service industry experience, which, together with strong demand in Russia for Western technology, enhances its position to effectively and profitably operate and grow in that robust market. The Corporation entered the Mexican well service market late in 2007 with one fracturing crew based in Reynosa, Mexico servicing the Burgos field, and has subsequently expanded its operations in that country to include two additional spreads based in Poza Rica, Mexico and two cementing units servicing the Chicontepec oil and natural gas field. In the second quarter of 2008, the Corporation entered into the Argentina cementing market and has subsequently expanded the number of service lines it offers in that country to include acidizing, coiled tubing and fracturing. In the third quarter of 2011, the Corporation commenced cementing operations in Colombia. Effective January 1, 2009, the Corporation consolidated the Mexican and Argentinean operations in a newly created Latin America Division in an effort to exploit the available opportunities in those countries through the assembly of strong local management teams combined with state-of-the-art equipment, technology and engineering. The Corporation expects that this formula, which has been the hallmark of the Corporation's successes in Canada, the United States and Russia, will provide the foundation for growth in Mexico, Argentina and Colombia, and will continue to offer the Corporation a window through which to assess and respond to additional emerging opportunities in Latin America as circumstances warrant, such as the Corporation's expansion into the Colombian well servicing market. Having established a presence in each of these key markets, the Corporation believes it is well-positioned for future global growth.

Field-proven technologies and specialty equipment. With a comprehensive fleet of specially designed fracturing, well servicing and cementing units with an average age of approximately four years, the Corporation is able to respond quickly to customer demand and new opportunities by mobilizing equipment and personnel to geographic regions as required with minimal time and cost. A considerable amount of technology and engineering expertise is incorporated into the fluid chemistry and the design of fracturing programs, and has been an integral part of the recent successes in the exploration and development of emerging unconventional oil and natural gas plays. In addition to its high-tech laboratories located at the Technology and Training Centre in Calgary, Alberta and the Technology and Training Center in Louisville, Colorado, the Corporation operates district laboratories in Grande Prairie, Alberta, Grand Junction, Colorado, Williston, North Dakota, Smithfield, Pennsylvania, Beebe, Arkansas, San Antonio, Texas, Noyabrsk, Khanty-Mansiysk and Usinsk, Russia, Reynosa and Poza Rica, Mexico, Neuquén and Las Heras, Argentina and Villavicencio, Colombia. The Corporation has developed proprietary technologies that provide viscosities with minimum additives that optimize proppant placement and enhance fracturing fluid recovery. In addition, the Corporation remains focused on the ongoing development of environmentally friendly fluid systems, including systems which contain no hazardous materials, and systems that can be used with high saline produced and recycled waters, thereby reducing fresh water demand. The Corporation has also developed highly innovative and specially designed field equipment that allows it to combine functions, resulting in less equipment being required at a particular well location, thereby reducing the "footprint" of the equipment. The Corporation has considerable and valuable experience with performing concurrent multi-zone hydraulic fractures through coiled tubing rigs, which avoids multiple trips to the well location and brings the well into production faster for its customers, while allowing the Corporation to achieve higher rates of equipment utilization.

Strong relationships with a diversified customer base. The Corporation recognizes that the success of its business is based on high levels of customer satisfaction and strong business relationships. The Corporation has experienced field operations staff that is supported by highly qualified technical personnel, which enable it to develop an understanding of each customer's specific needs, then tailor innovative, practical and cost-effective solutions to meet those needs. The Corporation has strong relationships with its customers, comprised of a diverse and balanced mix of large, intermediate and small oil and natural gas exploration and production companies, and count amongst its client base many of the most active exploration and production companies in the countries in which it operates. For the year ended December 31, 2013, the Corporation's five largest customers collectively represented approximately 46% of the Corporation's revenue with its largest customer accounting for approximately 12% of the Corporation's revenue. The Corporation's customer base consists of approximately 180 oil and natural gas exploration and production companies, ranging from large multi-national public companies and national oil and gas companies to small private companies.

Prudent financial management. The Corporation's business philosophy places importance on its financial flexibility and the strength of its balance sheet and it operates, finances its growth and manages its capital structure in accordance with this philosophy. Historically, the Corporation has operated with prudent and measured leverage and has tied major initiatives and capital investment with specific contracts. The Corporation's ability to successfully execute a measured growth strategy is primarily attributable to its adherence to strict operating and financial criteria that include rigorously focusing on the Corporation's core businesses, maintaining an edge over its competition through innovative technologies and equipment, optimizing its assets and securing long-term contracts with its customers in order to minimize the Corporation's financial risk. The Corporation's timely response to weakened market conditions by proactively managing its cost structure and improving its operating efficiencies commencing in the first quarter of 2009 contributed to the Corporation's ability to maintain its strong financial foundation and allowed it to execute two counter-cyclical acquisitions during the second half of 2009, adding an incremental 115,000 HP to its operating fleet. As oil and gas exploration experienced increased activity in 2010, 2011 and the first half of 2012, particularly as related to unconventional oil and gas shales, the Corporation's focus shifted to favor organic growth. The Corporation is presently focused on managing its cost structure and capital expenditures to provide a sustainable business model for long-term growth, while continuing to monitor potential acquisition opportunities that may be consummated on an accretive basis. The Corporation has demonstrated in other cyclical downturns in oilfield service activity that it will prudently manage operating and capital costs and, with its strong balance sheet, make strategic acquisitions. This approach was most recently illustrated with the Mission Asset Acquisition and the Corporation's acquisition of three deep coiled tubing units as part of a transaction with a competitor in Texas in November 2013.

Highly experienced and committed senior management team. The Corporation draws on the global experience of its management team to maintain its leading market position and strong relationships with its customers. Members of the Corporation's senior executive management team have up to 39 years of relevant industry experience, with a demonstrated track record. The Corporation believes that their significant experience in and knowledge of the Corporation's specialized business strengthens the Corporation's ability to compete and prudently manage its business throughout industry cycles. The Corporation's board of directors includes members recognized individually for their accomplishments in the fields of energy, law, investment banking and private investment. Members of the Corporation's senior management team and board of directors own or control approximately 26% of the Corporation's outstanding common shares.

Business Strategy

Service First: Safely provide the highest degree of expertise and service. Central to the Corporation's business strategy and corporate mission is its goal to safely and efficiently provide the highest degree of expertise, innovation and service to its customers by maintaining the Corporation's focus on people, equipment and technology with the stability provided by a strong financial foundation. To create new value for the Corporation's customers and greater opportunities for its employees, the Corporation continues to strive for operational excellence under its key principle, Service First. From technology investments to customer care to employee achievement, the Corporation seeks to maintain its leadership position as the preferred provider to its customers by delivering the Corporation's services with the highest degree of safety, quality, efficiency and integrity.

Geographic Expansion: Expand the Corporation's global presence and network. The Corporation believes that through its presence in three of the world's top fracturing markets it is well-positioned to serve customers in their major operating areas. The Corporation is optimistic about its continuing growth in Canada, the United States, Russia and Latin America. The Corporation's successful expansion program completed in 2009 coupled with the organic growth reflected in its increased 2010, 2011 and 2012 capital programs provided the infrastructure required to expand its operations in many of its key markets during 2012 and 2013. In addition, the Corporation recently increased its presence in Russia by establishing an operating base in Usinsk, Russia in order to provide pressure pumping services for a new customer in that region. The Corporation believes that its established operating bases located in Canada, the United States, Russia, Mexico and Argentina, together with its more recent entry into Colombia, will act as a springboard for the Corporation's future growth by leveraging its experience, technological advantages and established customer base. Backed by thorough and detailed research, forecasts and market analysis, the Corporation will continue to expand geographically where customer-driven opportunities exist.

Technologies That Work In The Field: Invest in technologically advanced assets and chemistry. The quality of the Corporation's assets and chemistry is fundamental to the viability of a long-life, specialized oilfield service company that serves a global market. Hydraulic fracturing operations are constantly improving through advances in technology, which are intended to translate into cost savings and enhanced production for the Corporation's customers and a reduced environmental footprint. The importance of technology in delivering value-added solutions begins in the Corporation's own operations with the ability to share ideas and best practices, support regional and global customers, improve productivity, increase efficiency, reduce environmental impact and drive continuing growth. The Corporation will continue to invest in technology and engineering to maintain its leading market position and serve its customers in innovative and efficient ways.

Internal Expansion: Strengthen the Corporation's Workforce. A significant challenge facing the oilfield service industry today is securing a reliable, qualified and dedicated workforce. The Corporation continues to leverage its rotational policy that was introduced in 2008 to attract and retain experienced operations personnel from across Canada. The Corporation has made a focused effort to temporarily mobilize its workforce between operating districts in order to maximize utilization during periods in which the demand for its services decreases, such as spring break-up, and for knowledge transfer purposes. For example, during the most recent spring break-up in 2013, the Corporation moved approximately 100 employees from Canada to Pennsylvania in order to maximize the utilization of its workforce during such period. Employee development is a vital part of the Corporation's efforts to strengthen its organization and assure that it has the right people in place at the right time. The Corporation has dedicated facilities in Calgary, Alberta and Louisville, Colorado which are focused on training, research and development and which have been staffed with experienced training professionals of various specialties. During 2010, the Corporation initiated an in-depth field training program for all new field employees of its Canadian division. The program includes classroom and hands-on field work to ensure that new hires have the training required to safely perform in the demanding environment in which the Corporation operates. A similar training program was implemented in 2011 for all new field employees of the Corporation's United States division. In addition, the Corporation's Canadian division introduced a series of supervisory training courses in 2010. The training courses, which cover topics such as project management, customer relations, leadership training and time management, to name only a few, are offered in conjunction with SAIT Polytechnic. The Corporation also established a leadership development program in conjunction with University of Calgary's Haskayne School of Business in 2012 to develop the Corporation's employees for future senior leadership positions. By providing an environment for ongoing learning in both the classroom and the field, the Corporation increases productivity, efficiency and performance through its people. The Corporation remains committed to building long-term relationships with its employees through continuous training, diverse skills development and incentive programs.

Customers

The Corporation's customer base consists of approximately 180 oil and natural gas exploration and production companies, ranging from large multi-national public companies and national oil and gas companies to small private companies. The Corporation enjoys strong relationships with its customers, comprised of a diverse and balanced mix of large, intermediate and small oil and natural gas exploration and production companies, and count amongst its client base the vast majority of the most active exploration and production companies in the countries in which it operates. For the year ended December 31, 2013, the Corporation's five largest customers collectively represented approximately 46% of its revenue and its largest customer accounted for approximately 12% of its revenue.

Contracts

The Corporation currently has long-term minimum commitment contracts in place with four large customers pursuant to which the Corporation is providing one fracturing crew targeting the Bakken shale play, two fracturing crews targeting the Marcellus and Utica plays, three fracturing crews targeting the Montney play and one fracturing crew targeting southern Alberta shallow gas formations. The original term of the Corporation's long-term minimum commitment contracts ranges from two to three years, and the average remaining term of such contracts as at the date hereof is approximately 14 months. The Corporation has also entered into a number of "right of first call" contracts wherein certain clients have committed to providing the Corporation with the first right to perform fracturing, coiled tubing and/or cementing services required in certain operating areas.

The Corporation is currently working in three operating areas in Russia pursuant to three one-year contracts, one two-year contract and four three-year contracts with three of that country's largest oil and natural gas companies. The one-year contracts will expire at the end of 2014, the two-year contract and one of the three-year contracts will expire at the end of 2015 and the remainder of the three-year contracts will expire at the end of 2016. On the strength of these contractual arrangements, the Corporation is optimistic that its Russian assets will be highly utilized in 2014.

On October 3, 2013, the Corporation announced that it had entered into a three-year contract with minimum monthly commitments and on standard terms and conditions for the local market with respect to the provision of pressure pumping services to YPF S.A. in Argentina. The Corporation expects unconventional oil and gas activity will continue to develop significantly in Argentina in the future. As a result, the Corporation views this contract with the largest operator in Argentina as a major milestone since it provides a strong foundation from which to build upon its hydraulic fracturing, coiled tubing and cementing services in Argentina.

Suppliers

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

The Corporation has a contract with an Alberta based supplier for carbon dioxide and nitrogen which includes volume allocations and an annual expenditure commitment. The contract expires on December 31, 2014.

The Corporation has a number of contracts with three leading United States based suppliers of sand. Such contracts generally provide for take-or-pay commitments and maximum annual price increases, and the average remaining term of such contracts as at the date hereof is approximately 24 months.

Competition

The markets in which the Corporation operates are highly competitive. To be successful, a service provider must provide services that meet the specific needs of oil and natural gas exploration and production companies at competitive prices. The principal competitive factors in the markets in which the Corporation operates are product and service quality and availability, technical knowledge and experience, reputation for safety and price. The Corporation currently operates in Canada, the United States, Russia, Mexico, Argentina and Colombia. In each of these geographic jurisdictions, the Corporation competes against a large number of companies that offer services that overlap and are competitive with the Corporation's services and products. The Corporation's competition includes multi-national oilfield service companies as well as regional competitors. The Corporation's major multi-national competitors include Schlumberger Limited, Halliburton Company and Baker Hughes Incorporated. The Corporation also competes against Trican Well Services Ltd. in Canada, the United States and Russia, and Canyon Services Group Inc. in Canada. In addition, the Corporation competes against a number of smaller and domestically oriented businesses in Canada and the United States which provide products and services similar to the Corporation's.

Regulation

The Corporation is subject to increasingly stringent federal, provincial, state and local laws and regulations relating to the importation, release, transport, handling, storage, disposal and use of, and exposure to, hazardous materials, radioactive materials and explosives, and the protection of the environment, including laws and regulations governing air emissions, chemical usage, water discharges and waste management. The Corporation incurs, and expects to continue to incur, capital and operating costs to comply with environmental laws and regulations. Violation of these laws and regulations could lead to loss of accreditation, loss of access to markets and substantial fines and penalties. The technical requirements of these laws and regulations are becoming increasingly complex, stringent and costly to implement.

The Corporation has made significant progress in reducing the use and generation of hazardous substances in its operations, but to date has been unable to eliminate them completely. The Corporation takes great care to ensure that none of these substances are released on the surface of the ground at the well site or in their transportation. The Corporation's customers protect groundwater from contamination from any substance used downhole by installing and cementing surface casing in every well serviced by the Corporation. Notwithstanding these precautions, the Corporation may be subject to claims regarding the release of hazardous substances into the environment. In addition, some of the Corporation's current properties are, or have been, used for industrial purposes. Some environmental laws and regulations provide for joint and several strict liability related to spills and releases of hazardous substances for damages to the environment and natural resources or threats to public health and safety. Strict liability can render a potentially responsible party liable for damages without regard to negligence or fault on the part of the party. Accordingly, the Corporation could become subject to potentially material liabilities relating to the investigation and cleanup of contaminated properties, and to claims alleging personal injury or property damage as the result of exposures to, or releases of, hazardous substances. In addition, stricter enforcement of existing laws and regulations, new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require the Corporation to incur costs or become the basis of new or increased liabilities that could reduce its earnings and cash available for operations.

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

The Corporation is a provider of hydraulic fracturing services, a process involving the injection of fluids — usually consisting mostly of water but typically including small amounts of several chemical additives — as well as proppant in order to create fractures extending from the wellbore through the rock formation to enable natural gas or oil to move more easily through the reservoir to the production casing. The Canadian federal government, the United States Congress, the United States Environmental Protection Agency and other federal agencies in the United States are conducting investigations regarding the use of chemicals in the hydraulic fracturing process and the potential impacts on human health and the environment. In addition, bills that assert that chemicals used in the fracturing process could adversely affect drinking water supplies have been introduced in Congress and state legislatures. The proposed statutes have historically aimed to repeal the exemption for hydraulic fracturing under the Safe Drinking Water Act or enact moratoriums and/or bans on the use of hydraulic fracturing in the hydrocarbon extraction process. The United States Department of the Interior is also contemplating a rule that would regulate chemical disclosure, wellbore integrity and flowback water, among other aspects of hydraulic fracturing, on public land and Native American land. These or similar bills or rules, if enacted, could result in additional permitting requirements and other restrictions for hydraulic fracturing operations, which could result in delays in operations at well sites and increase costs to make wells productive. Moreover, these bills or rules have required and will continue to require additional reporting and disclosure of chemicals used in the fracturing process to federal or state regulatory authorities, making such information publicly available if appropriate safeguards are not in place to protect confidential business information. Such disclosure could also increase public concerns regarding perceived risk to drinking water wells, livestock or other resources in the vicinity of an oil or gas well or perceived risk of other environmental impacts. As proposed, the United States Department of the Interior's legislation would establish an additional level of regulation at the federal level that could lead to operational delays and would increase operating costs associated with regulatory compliance.

In addition, most provincial, state and local governments with jurisdiction over oil and gas development have undertaken similar investigations and have implemented various rules, regulations, conditions and restrictions on hydraulic fracturing operations. Legislative and regulatory requirements currently in place or scheduled to become effective in certain provinces and/or states in 2014 include requirements regarding public disclosure of chemicals used in hydraulic fracturing fluids, wellhead and pad setbacks, public and landowner notifications of proposed hydraulic fracturing activities, casing and cementing of wells, withdrawal of water for use in hydraulic fracturing of horizontal wells, baseline testing of nearby water wells and restrictions on which additives may be used, reporting with respect to spills, air emissions, chemical usage and inventory as well as temporary or permanent bans on hydraulic fracturing (such as the moratoriums/bans on hydraulic fracturing in Colorado communities passed in 2013) in certain environmentally sensitive areas such as watersheds. These types of conditions could subject the Corporation to increased costs, limits on the productivity of certain wells and, possibly, limits on its ability to deploy its technology at or in the vicinity of sensitive areas. The adoption of any future federal, provincial, state or local laws or implementing regulations in any of the jurisdictions in which the Corporation operates which impose additional permitting, disclosure or regulatory obligations related to, or otherwise limiting, the hydraulic fracturing process could make it more difficult to complete oil and natural gas wells and could affect the Corporation's ability to utilize proprietary technological developments to compete effectively in the pressure pumping industry. Such results could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Intellectual Property

The Corporation's research and development efforts are focused on providing specific solutions to the challenges experienced by oil and natural gas exploration and production companies when fracturing and stimulating wells. The Corporation's success in hydraulic fracturing has been facilitated by its ability to provide proprietary blends of chemicals that, together with the Corporation's technical expertise and innovative equipment, result in customers' wells being more productive. The Corporation currently has 11 issued patents in respect of treatment fluids, treatment methods and an isolation tool used to deliver fracturing services and also a number of pending patent applications.

Facilities and Operating Assets

The Corporation provides hydraulic fracturing and well stimulation services from its corporate head office in Calgary, Alberta, regional offices in Denver, Colorado; Mexico City, Mexico; Buenos Aires, Argentina; Bogota, Colombia; and Moscow, Russia and 25 operating bases located in Medicine Hat, Red Deer, Grande Prairie, Edson and Red Earth, Alberta; Dawson Creek, British Columbia; Estevan, Saskatchewan; Platteville and Grand Junction, Colorado; Williston, North Dakota; Beebe, Arkansas; Smithfield and Philipsburg, Pennsylvania; Teague and San Antonio, Texas; Reynosa and Poza Rica, Mexico; Neuquén, Catriel and Las Heras, Argentina; Bogota, Colombia; and Noyabrsk, Khanty-Mansiysk, Nefteugansk and Usinsk, Russia.

As at December 31, 2013, the Corporation was operating approximately 1,194,000 HP in its fracturing operations, and its well servicing equipment included 38 coiled tubing units and 31 cementing units. On the completion of the Corporation's 2014 capital program, it will operate approximately 1,250,000 HP.

Employees

As at December 31, 2013, the Corporation had approximately 4,300 employees in its operating regions. With the exception of a portion of the employees in Mexico and Argentina, none of the Corporation's employees are unionized.

RISK FACTORS

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

The demand, pricing and terms for fracturing and well stimulation services largely depend upon the level of exploration and development activity for natural gas and oil in North America, Russia and Latin America. Industry conditions are influenced by numerous factors over which the Corporation has no control, including oil and natural gas prices, expectations about future oil and natural gas prices, the cost of exploring for, producing and delivering oil and natural gas, the decline rates for current production, the discovery rates of new oil and natural gas reserves, available pipeline and other oil and natural gas transportation capacity, weather conditions, political, military, regulatory and economic conditions, and the ability of oil and natural gas companies to raise equity capital or debt financing. A material decline in global oil and natural gas prices or North American, Russian and, to a lesser extent, Latin American activity levels as a result of any of the above factors could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Warmer than normal winters in North America, among other factors, could adversely affect demand for natural gas and, therefore, demand for oilfield services. If economic conditions deteriorate, a decline in natural gas exploration and production could occur, which could cause a decline in the demand for the Corporation's services. Such decline could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

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

Because of the long-life nature of oilfield service equipment and the lag between when a decision to build additional equipment is made and when the equipment is placed into service, the quantity of oilfield service equipment in the industry does not always correlate with the level of demand for service equipment. Periods of high demand often spur increased capital expenditures on equipment, and those capital expenditures may add capacity that exceeds actual demand. Such capital overbuild could cause the Corporation's competitors to lower their pricing and could lead to a decrease in rates in the oilfield services industry generally, which could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Federal, state and provincial legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays as well as adversely affect the Corporation's support services.

The Corporation is a provider of hydraulic fracturing services, a process involving the injection of fluids, consisting primarily of water but typically including small amounts of several chemical additives, as well as proppant in order to create fractures extending from the wellbore through the rock formation to enable natural gas or oil to move more easily through the reservoir to the production casing. The Canadian federal government, the United States Congress, the United States Environmental Protection Agency and other federal agencies in the United States are conducting investigations regarding the use of chemicals in the hydraulic fracturing process and the potential impacts on human health and the environment. In addition, bills asserting that chemicals used in the fracturing process could adversely affect drinking water supplies have been introduced in Congress and state legislatures. The proposed statutes have historically aimed to repeal the exemption for hydraulic fracturing under the Safe Drinking Water Act or enact moratoriums and/or bans on the use of hydraulic fracturing in the hydrocarbon extraction process. The United States Department of the Interior is also contemplating a rule that would regulate chemical disclosure, wellbore integrity and flowback water, among other aspects of hydraulic fracturing, on public land and Native American lands. These or similar bills or rules, if enacted, could result in additional permitting requirements and other restrictions for hydraulic fracturing operations, which could result in delays in operations at well sites and increased costs to make wells productive. Moreover, these bills or rules have required and will continue to require additional reporting and public disclosure of chemicals used in the fracturing process to federal or state regulatory authorities, making such competitive information publicly available if appropriate safeguards are not in place to protect confidential business information. Such disclosure could also increase public concerns regarding perceived risk to drinking water wells, livestock or other resources in the vicinity of an oil or natural gas well or perceived risk of other environmental impacts. As proposed, the United States Department of the Interior's legislation would establish an additional level of regulation at the federal level that could lead to operational delays and would increase operating costs associated with regulatory compliance.

In addition, most provincial, state and local governments with jurisdiction over oil and gas development have undertaken similar investigations and have implemented various conditions, rules, regulations and restrictions on hydraulic fracturing operations rather than waiting for federal implementation. Legislative and regulatory requirements currently in place or scheduled to become effective in certain provinces and/or states in 2014 include requirements regarding public disclosure of chemicals utilized in hydraulic fracturing fluids, wellhead and pad setbacks, public and landowner notification of proposed hydraulic fracturing activities, casing and cementing of wells, withdrawal of water for use in hydraulic fracturing of horizontal wells, baseline testing of nearby water wells, restrictions on which additives may be used, reporting with respect to spills, air emissions, chemical usage and inventory as well as temporary or permanent bans on hydraulic fracturing (such as the moratoriums/bans on hydraulic fracturing in Colorado communities passed in 2013). These types of conditions could subject the Corporation to increased costs, limits on the productivity of certain wells and, possibly, limits on its ability to deploy its technology at or in the vicinity of sensitive areas. The adoption of any future federal, provincial, state or local laws or implementing regulations in any of the jurisdictions in which the Corporation operates which impose additional permitting, disclosure or regulatory obligations related to, or otherwise limiting, the hydraulic fracturing process could make it more difficult to complete oil and natural gas wells and could affect the Corporation's ability to utilize proprietary technological developments to compete effectively in the pressure pumping industry. Such results could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

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

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

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

The Corporation is subject to increasingly stringent federal, provincial, state and local laws and regulations relating to the importation, release, transport, handling, storage, disposal and use of, and exposure to, hazardous materials, radioactive materials, and the protection of the environment, including laws and regulations governing air emissions, water sources, use and discharges and waste management. The Corporation incurs, and expects to continue to incur, capital and operating costs to comply with environmental laws and regulations. Unintentional violation of these laws and regulations could lead to substantial fines and penalties. The technical requirements of these laws and regulations are becoming increasingly complex, stringent and costly to implement.

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

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

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

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

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

The Corporation's customer base consists of approximately 180 oil and natural gas exploration and production companies, ranging from large multi-national public companies to small private companies. Notwithstanding the Corporation's broad customer base, it has ten significant customers that collectively accounted for approximately 64% of its revenue for the year ended December 31, 2013 and, of such customers, five accounted for approximately 46% of the Corporation's revenue for the year ended December 31, 2013. Some of this business is anchored by long-term contracts providing stability to a portion of associated revenue. There can be no assurance, however, that the Corporation's relationship with these ten customers will continue, and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, would have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation's industry is intensely competitive.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As a result of the acquisition and amalgamation with Denison in 2004, the Corporation assumed certain legal obligations related to Denison's Greek operations. In 1998, North Aegean Petroleum Company E.P.E. ("NAPC"), a Greek subsidiary of a consortium in which Denison participated (and which is now a majority-owned subsidiary of the Corporation), terminated employees in Greece as a result of the cessation of its oil and natural gas operations in that country. Several groups of former employees have filed claims against NAPC and the consortium alleging that their termination was invalid and that their severance pay was improperly determined. In 1999, the largest group of plaintiffs received a ruling from the Athens Court of First Instance that their termination was invalid and that compensation was due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. The said group of former employees filed an appeal with the Supreme Court of Greece which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered on June 25, 2010. NAPC and the Corporation are assessing available rights of appeal to any other levels of court in any jurisdiction where such an appeal is warranted. NAPC is also the subject of a claim by the Greek social security agency for social security obligations associated with the salaries in arrears that are the subject matter of the above-mentioned decision, and interest payable on such amounts.

Several other smaller groups of former employees have filed similar claims 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. The appeal of this decision was heard on June 2, 2009, at which time an additional claim by the plaintiff seeking damages was also heard. A decision in respect of the hearing has been rendered which accepted NAPC's appeal and partially accepted the additional claim of the plaintiff. Another one of the lawsuits seeking salaries in arrears plus interest was heard by the Supreme Court of Greece on November 6, 2007 and on September 21, 2010, and on both occasions the appeal of the plaintiffs was denied for technical reasons due to improper service. The remaining action, which is seeking salaries in arrears plus interest, was scheduled to be heard before the Athens Court of First Instance on October 1, 2009, but has been postponed a total of four times, including the most recent postponement on February 22, 2013. No new date has been set for the postponed hearing.

The direction and financial consequence of the potential decisions in these actions cannot be determined at this time. If these actions were to be determined in a manner adverse to the Corporation, it could have a material adverse effect on its business, financial condition, results of operations and cash flows.

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

From time to time, the Corporation is involved in legal proceedings which are usually related to normal operational or labor issues. In addition, a class and collective action complaint was filed against the Corporation in September 2012 in the United States District Court for the Western District of Pennsylvania. The complaint alleges failure to pay U.S. employees the correct amount of overtime pay required by the Fair Labor Standards Act ("FLSA") and under the Pennsylvania Minimum Wage Act. In May 2013, the plaintiffs amended their complaint adding a Colorado wage-hour claim. In June 2013, the parties filed a joint stipulation for conditional class action certification of the FLSA collective action with certain current and former employees as the defined class. The notice to opt-in to the class was mailed to 1,204 current and former employees in September 2013. The opt-in period expired on November 15, 2013 and 359 individuals opted in. A discovery plan has been approved by the court that extends through June 23, 2014.

The Corporation has filed answers to each complaint in a timely manner and believes it has defences to each claim. At this time no motion for final class certification as to the FLSA claim or motion for certification of the Pennsylvania or Colorado state law claims has been filed. Thus no FLSA, Pennsylvania or Colorado class has been certified. Plaintiffs have not alleged an amount of damages and at this time it is not possible to predict the amount of any potential recovery. Given the early stage of the proceedings and the existence of available defences, no provision has been recorded in the Corporation's financial statements regarding these claims since the direction and financial consequences of the claims in the amended complaint cannot be determined at this time. The Corporation does not have insurance coverage for these claims.

If these claims, or any claims which the Corporation may be subject to in the future, were to be determined in a manner adverse to the Corporation or if the Corporation elects to settle one or more of such claims, it could have a material adverse effect on its business, financial condition, results of operations and cash flows.

The Corporation's executive officers and key employees are critical to its business and these individuals may not remain with the Corporation in the future.

The successful operation of the Corporation's business depends upon the abilities, expertise, judgment, discretion, integrity and good faith of its executive officers and key employees. If the Corporation lost the services of one or more of its executive officers or key employees, it could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

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

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

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

The Corporation's business is capital intensive and it may not be able to finance future growth or expansion of its operations.

The Corporation's business plan is subject to the availability of additional financing for future costs of operations or expansion that might not be available, or may not be available on favourable terms. The Corporation's activities are financed partially or wholly with debt, which could under certain circumstances increase its debt levels above industry standards. The level of the Corporation's indebtedness from time to time could impair its ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise. If the Corporation's cash flow from operations is not sufficient to fund its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or, if available, on favourable terms.

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

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

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

The Corporation is subject to extensive government regulations that may require it to take actions that will adversely affect its results of operations.

The Corporation's operations are subject to a variety of federal, provincial, state and local laws, regulations and guidelines, in all jurisdictions in which it operates, including laws and regulations relating to health and safety, the conduct of operations, taxation, the protection of the environment and the manufacture, management, transportation and disposal of certain materials used in its operations. The Corporation has invested financial and managerial resources to ensure compliance with such regulations and expects to continue to make appropriate investments in the future. These laws or regulations are subject to change and could result in material expenditures that could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. It is impossible for the Corporation to predict the cost or impact of such laws and regulations on its future operations.

There can be no assurance of the amount of cash available to pay dividends or whether the board of directors will continue to elect to pay dividends.

The Corporation's dividend policy is at the discretion of the board of directors and is subject to change. The Corporation's ability to pay dividends depends on its operations and business. The amount of any dividends will depend on a variety of factors, including (without limitation) the Corporation's profitability, historical and future business trends, the expected sustainability of those trends, enacted tax legislation which affects future taxes payable, cash required for debt repayments, restrictions on the Corporation's ability to pay dividends under its credit facilities or under the indenture pursuant to which its senior notes were issued, the amount of capital expenditure required to sustain performance, the amount of capital expenditure required to fund the Corporation's growth, the effect of acquisitions or dispositions on the Corporation's business and cash requirements and other factors that may be beyond the Corporation's control or not anticipated by management. In the event that the amount of cash the Corporation requires for non-dividend purposes increases or the profitability of the Corporation declines, the amount of cash available for dividends will decrease and such decrease could be material. The market value of the common shares may deteriorate if cash dividends are reduced or suspended.

Failure to realize anticipated benefits of acquisitions and dispositions could negatively affect the Corporation's results of operations.

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

The Corporation's ability to realize the anticipated benefits of the Mission Asset Acquisition will depend, in part, on its ability to integrate the business of Mission successfully and efficiently with its business. The combination of two independent companies is a complex, costly and time-consuming process. The integration process may disrupt the business of either or both of the companies and, if implemented ineffectively, preclude realization of the full benefits expected by the Corporation. If the Corporation is not successful in this integration, its business, financial condition and results of operations could be adversely affected. The Corporation's management will be required to dedicate significant time and effort to this integration process, which could divert their attention from other business concerns. In addition, the overall integration of the two companies may result in unanticipated problems, expenses and liabilities, particularly as a result of the Corporation's business expanding into a new geographic area, the Eagle Ford shale, as a result of the acquisition. The difficulties of combining the operations of the two companies include, among others, challenges associated with minimizing the diversion of management attention from ongoing business concerns; addressing differences in the business cultures of the Corporation and Mission; coordinating geographically separate organizations which may be subject to additional complications resulting from being geographically distant from the Corporation's other operations; coordinating and combining operations, information systems, relationships and facilities, and eliminating duplicative operations; retaining key employees and maintaining employee morale; unanticipated changes in general business or market conditions that might interfere with the Corporation's ability to carry out all of its integration plans; and preserving important strategic and customer relationships. In addition, even if Mission's operations are integrated successfully with the Corporation's, the Corporation may not realize the full potential benefits of the transaction. Such benefits may not be achieved within the Corporation's anticipated time frame, or at all.

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

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

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

Canada is a signatory to the United Nations Framework Convention on Climate Change and previously ratified the Kyoto Protocol established thereunder, which set legally binding targets to reduce nationwide emissions of carbon dioxide, methane, nitrous oxide, and other so-called "greenhouse gases" ("GHG"). The first commitment period under the Kyoto Protocol expired in 2012. In December 2011, the Canadian federal government announced that it would not agree to a second commitment period, and that it would withdraw from the Kyoto Protocol. The Canadian federal government instead endorsed the Durban Platform, a broad agreement reached among the 194 countries that are party to the United Nations Framework Convention on Climate Change during a conference held in Durban, South Africa in December 2011. The Durban Platform sets forth a process for negotiating a new climate change treaty that would create binding commitments for all major GHG emitters. The Canadian federal government expressed cautious optimism that agreement on a new treaty could be reached by 2015. The Durban Platform followed the Copenhagen Accord reached in December 2009 when government representatives met in Copenhagen, Denmark to negotiate a successor to the Kyoto Protocol. The Copenhagen Accord represented a broad political consensus and reinforced commitments to reducing GHG emissions but was not a binding international treaty. Although Canada had committed under the Copenhagen Accord to reduce its GHG emissions by 17% from 2005 levels by 2020, the target is not legally binding. The impact of Canada's withdrawal from the Kyoto Protocol on prior GHG emission reduction initiatives is uncertain.

The Canadian federal government previously released the Regulatory Framework for Air Emissions, updated March 10, 2008 by Turning the Corner: Regulatory Framework for Industrial Greenhouse Emissions (collectively, the "Regulatory Framework") for regulating GHG emissions and in doing so proposed mandatory emissions intensity reduction obligations on a sector-by-sector basis. Although implementing regulations for the Regulatory Framework are required, to date, only regulations for Canada's renewable fuels, transportation and coal-fired electricity sectors have been developed, with the latter not expected to take effect until 2015. On January 30, 2010, the Canadian federal government announced its new target to reduce overall Canadian GHG emissions by 17% below 2005 levels by 2020, from a previous target of 20% from 2006 levels by 2020, in order to align itself with its commitments under the Copenhagen Accord and United States policy. In 2009, the Canadian federal government announced its commitment to work with the provincial governments to implement a North America-wide cap-and-trade system for GHG emissions, in cooperation with the United States. Under the system, Canada would have its own cap-and-trade market for Canadian-specific industrial sectors that could be integrated into a North American market for carbon permits. The Government of Canada is currently proposing equivalency agreements with the provinces to establish a consistent regulatory regime for GHGs, but the success of any such plan is uncertain and could possibly lead to overlapping levels of regulation. It is uncertain whether or when either federal GHG regulations (for the oil and natural gas industry) or an integrated North American cap-and-trade system will be implemented, or what obligations might be imposed under any such systems.

Future federal legislation, including potential international or bilateral requirements enacted under Canadian law, together with provincial emission reduction requirements, such as those in effect under Alberta's *Climate Change and Emissions Management Act* and potential further provincial requirements, may require the reduction of emissions or emissions intensity from the Corporation's operations and facilities. Mandatory emissions reductions may result in increased operating costs and capital expenditures for oil and natural gas producers, thereby decreasing the demand for the Corporation's services. The mandatory emissions reductions may also impair the Corporation's ability to provide its services economically. The Corporation is unable to predict the impact of current and pending emissions reduction legislation on the Corporation and it is possible that such impact would have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

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

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

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

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

MARKET FOR SECURITIES

The Corporation's common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol "CFW". The following table sets forth the monthly price ranges and volumes of trading of the common shares on the TSX during 2013.

Period	High $	Low $	Volume
January	26.10	24.51	2,506,885
February	28.54	24.05	5,083,351
March	27.95	24.07	4,856,904
April	27.39	23.41	4,078,533
May	28.57	24.99	3,131,008
June	31.72	27.74	4,816,819
July	34.86	30.02	3,464,437
August	34.72	32.13	3,060,119
September	35.90	30.49	4,046,989
October	33.68	30.01	4,181,857
November	32.83	30.71	3,008,754
December	31.80	30.66	2,522,744

DESCRIPTION OF COMMON SHARES

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

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of credit quality of any issue of securities. The credit ratings assigned by the rating agencies are not recommendations to purchase, hold or sell the securities, as such ratings do not comment as to market price or suitability for a particular investor. Any rating may not remain in effect for any given period of time or may be revised or withdrawn entirely by a rating agency in the future if in its judgment circumstances so warrant.

The following table outlines the most recent credit ratings received by the Corporation:

	Standard & Poor's Ratings Services ("S&P")	Moody's Investors Service ("Moody's")
Issuer Credit Rating / Corporate Family Rating	BB-	Ba3
Long-Term Issue Credit Rating / Global Long-Term Rating (Calfrac Holdings LP Senior Unsecured Debt)	BB-	Ba3
Outlook	Stable	Stable
Speculative Grade Liquidity Rating	-	SGL-2

S&P's issuer credit rating is a forward-looking opinion about an obligor's overall creditworthiness and S&P's long-term issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific long-term financial obligation or program. S&P's issuer credit ratings and long-term issue credit ratings are on a rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such obligors or obligations rated. A credit rating of BB by S&P is within the sixth highest of eleven categories and indicates that the obligor/obligation is less vulnerable than the obligors/obligations in lower-rated categories. However, the obligor/obligation faces major ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show the relative standing within the major rating categories. The outlook assesses the potential direction of a long-term issue credit rating over the intermediate term. In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. The "stable" rating outlook means that the rating is not likely to change.

Moody's corporate family rating is a long-term rating that reflects the likelihood of a default on a corporate family's contractually promised payments and the expected financial loss suffered in the event of default. Moody's global long-term ratings are assigned to issuers or obligations with an original maturity of one year or more and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default. Moody's corporate family ratings and global long-term ratings are on a rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality of such obligors or obligations rated. A rating of Ba by Moody's represents the fifth highest of nine categories. Obligors/obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk. The addition of a 1, 2 or 3 modifier after a rating indicates the relative standing within a particular rating category. The modifier 1 indicates that the obligor or obligation ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates a ranking in the lower end of that generic rating category. The "stable" rating outlook means that the rating is not likely to change.

Moody's Speculative Grade Liquidity Ratings are opinions of an issuer's relative ability to generate cash from internal resources and the availability of external sources of committed financing in relation to its cash obligations over the coming 12 months. Speculative Grade Liquidity Ratings will consider the likelihood that committed sources of financing will remain available. Other forms of liquidity support will be evaluated and consideration will be given to the likelihood that these sources will be available during the coming 12 months. Speculative Grade Liquidity Ratings are assigned to speculative grade issuers that are by definition "Not Prime" issuers and such ratings are on a rating scale that ranges from SGL-1 to SGL-4, which represents the range from highest to lowest level of such issuers rated. Issuers rated SGL-2 possess good liquidity. They are likely to meet their obligations over the coming 12 months through internal resources but may rely on external sources of committed financing. The issuer's ability to access committed sources of financing is highly likely based on Moody's evaluation of near-term covenant compliance.

DIVIDENDS

Dividends in the amount of $0.075 per share were paid on January 15 and July 15 of 2011. On December 8, 2011, the board of directors approved an increase in the semi-annual dividend from $0.075 to $0.10 per share and declared a dividend paid on January 31, 2012. On February 28, 2012, the board of directors approved an increase in the semi-annual dividend from $0.10 to $0.50 per share and dividends in that amount were paid on July 16, 2012 and December 21, 2012. On December 6, 2012, the Corporation announced that its board of directors approved an amendment to its dividend policy by increasing the frequency of dividends thereunder to a quarterly basis, and dividends in the amount of $0.25 per share were paid on April 15, July 15 and October 15 of 2013 and January 15 of 2014. On February 26, 2014, the Corporation announced that its board of directors declared a dividend pursuant to its quarterly dividend policy in the amount of $0.25 per share which will be paid on April 15, 2014 to shareholders of record on March 31, 2014. The payment of any dividend is at the discretion of the board of directors and depends on the financial condition of the Corporation and other factors.

DIRECTORS AND OFFICERS

Directors and Officers

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

Name and Residence	Position with the Corporation	Director Since	Principal Occupation During the Last Five Years
Ronald P. Mathison[(1)(2)] Alberta, Canada	Chairman of the Board and a Director	March 8, 2004[(5)]	President and Chief Executive Officer, Matco Investments Ltd. (a private investment company).
Douglas R. Ramsay[(4)] Alberta, Canada	Vice Chairman and a Director	March 24, 2004	Vice Chairman since January 27, 2014. Prior thereto, Chief Executive Officer since November 1, 2010. Prior thereto, President and Chief Executive Officer since March 24, 2004.
Kevin R. Baker, Q.C.[(1)(2)(3)] Alberta, Canada	Director	May 11, 2010	President and Managing Director of Baycor Capital Inc. (and its predecessor companies), a company whose principal business is that of a private merchant bank, since January 1990. President and Chief Executive Officer of Century from August 2005 until November 2009, when it was acquired by Calfrac. Mr. Baker was also the President and Chief Executive Officer of Loncor Resources Inc. from September 2000 until November 2009.
James S. Blair[(3)(4)] Alberta, Canada	Director	May 8, 2002[(5)]	President and Chief Executive Officer of Glenogle Energy Inc. (a private oil and gas exploration and development company). Prior thereto, Chairman and Chief Executive Officer of ExAlta Energy Inc. (a public oil and gas exploration and development company) from 2002 to January 2008.
Gregory S. Fletcher[(1)(2)(3)] Alberta, Canada	Director	May 8, 2002[(5)]	President, Sierra Energy Inc. (a private energy company).
Lorne A. Gartner[(1)(2)(4)] Alberta, Canada	Director	May 11, 2010	Independent businessman. Prior thereto, Managing Director of Royal Bank of Canada Capital Markets from 2000 to 2006.
Fernando Aguilar Alberta, Canada	President and Chief Executive Officer and a Director	May 14, 2013	President and Chief Executive Officer since January 27, 2014. Prior thereto, President and Chief Operating Officer since November 1, 2010. Prior thereto, President, Geophysical Services for the Americas, of CGG Veritas, a global geophysical company, since April 2009. Prior thereto, President, Eastern Hemisphere of CGG Veritas since April 2008, and Executive Vice President for Canada Land Processing, Canada Land Library and Western Hemisphere Land Acquisition of CGG Veritas since 2004.
Michael J. McNulty Alberta, Canada	Chief Financial Officer		Chief Financial Officer since December 4, 2013. Prior thereto, President and Chief Executive Officer of Saxon Energy Services Inc. from January 2009 until April 2013. Prior thereto, Senior Vice President and Chief Financial Officer of Saxon Energy Services Inc. since October 2005.

Name and Residence	Position with the Corporation	Director Since	Principal Occupation During the Last Five Years
O. Alberto Bertolin Buenos Aires, Argentina	Director General, Latin American Division		Director General, Latin American Division since January 1, 2008.
Armando J. Bertolin Buenos Aires, Argentina	Director General, Latin American Division		Director General, Latin American Division since January 1, 2008.
Lindsay R. Link Colorado, United States	President, U.S. Division		President, U.S. Division since February 1, 2013. Prior thereto, Managing Director, Continental Europe of Baker Hughes Incorporated since July 1, 2012. Prior thereto, President, Pressure Pumping of Baker Hughes Incorporated since March 1, 2010. Prior thereto, President, Process & Pipelines Division of BJ Services Company since September 1, 2004.
Robert J. Montgomery Alberta, Canada	President, Canadian Division		President, Canadian Division since February 1, 2012. Prior thereto, Vice President, Operations, Canadian Division since November 11, 2009. Prior thereto, Senior Vice President, Operations of Century since September 1, 2009. Prior thereto, Vice President, Operations of Century since January 27, 2009. Prior thereto, Vice President, Engineering and Technology of Century since December 1, 2007.
Robert L. Sutherland Alberta, Canada	President, Russian Division		President, Russian Division since September 1, 2007.
Dwight M. Bobier Alberta, Canada	Senior Vice President, Technical Services		Senior Vice President, Technical Services since September 1, 2007.
Tom J. Medvedic Alberta, Canada	Senior Vice President, Corporate Development		Senior Vice President, Corporate Development since November 17, 2008. Prior thereto, Chief Financial Officer since December 14, 2004 and Senior Vice President, Finance since September 1, 2007.
Chris K. Gall Alberta, Canada	Vice President, Global Supply Chain		Vice President, Global Supply Chain since April 1, 2011. Prior thereto, Director, Global Supply since February 1, 2010. Prior thereto, Manager, Supply Chain of Suncor Energy Inc. since July 1, 2008. Prior thereto, Manager, Contracts and Procurement of Total E&P Canada Ltd. since May 2006.
Roderick P. Kuntz Colorado, United States	Vice President, Health, Safety and Environment		Vice President, Health, Safety and Environment since July 1, 2012. Prior thereto, Health, Safety and Environment Manager, U.S. Division since July 26, 2010. Prior thereto, Vice President, Health, Safety and Environment of International SOS since January 2007.
Chad J. Leier Colorado, United States	Vice President, Sales, Marketing and Engineering, U.S. Division		Vice President, Sales, Marketing and Engineering, U.S. Division since February 11, 2013. Prior thereto, Manager, Sales and Marketing, Canadian Division since October 2010. Prior thereto, Mr. Leier held various positions with the Corporation since October 2005.

Name and Residence	Position with the Corporation	Director Since	Principal Occupation During the Last Five Years
Umberto Marseglia Alberta, Canada	Vice President, Global Business		Vice President, Global Business since October 17, 2011. Prior thereto, Global CRM Manager, Schlumberger Limited since August 2010. Prior thereto, Latin America Drilling and Measurement Marketing Manager, Schlumberger Limited since April 2008. Prior thereto, Brazil Oilfield Services Marketing Manager, Schlumberger Limited since June 2007.
Edward L. Oke Alberta, Canada	Vice President, Human Resources		Vice President, Human Resources since September 17, 2012. Prior thereto, Vice President, Human Resources and Health and Safety of Trinidad Drilling Ltd. since August 11, 2008. Prior thereto, Vice President, Human Resources of Synenco Energy Inc. since June 2005.
Michael D. Olinek Alberta, Canada	Vice President, Finance		Vice President, Finance since April 1, 2011. Prior thereto, Corporate Controller since August 1, 2006.
B. Mark Paslawski Alberta, Canada	Vice President, General Counsel and Corporate Secretary		Vice President, General Counsel and Corporate Secretary since January 1, 2008. Prior to January 1, 2008, General Counsel of the Corporation since September 4, 2007.
F. Bruce Payne Alberta, Canada	Vice President, Global Operations		Vice President, Global Operations since February 1, 2012. Prior thereto, President, Canadian Division since April, 22, 2009. Prior thereto, Vice President, Operations, U.S. Division since September 1, 2007.
Gary J. Rokosh Alberta, Canada	Vice President, Sales, Marketing and Engineering, Canadian Division		Vice President, Sales, Marketing and Engineering, Canadian Division since September 13, 2010. Prior thereto, Manager, Sales and Marketing since August 15, 2005.
George L. York Colorado, United States	Vice President, Operations, U.S. Division		Vice President, Operations, U.S. Division since September 2013. Prior thereto, Country Manager of Weatherford International, Ltd. since February, 2010. Prior thereto, Vice President, Business Development of CMP Oilfield Services, LLC from September 2008 until September 2009.

Notes:

(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.

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

(6) Each director holds office until the close of the annual meeting to be held on May 8, 2014.

As at March 17, 2014, the directors and executive officers of the Corporation beneficially owned, or controlled and directed, directly or indirectly, an aggregate of 11,751,898 common shares, representing approximately 25% of the 46,781,986 issued and outstanding common shares.

Cease Trade Orders or Bankruptcies

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

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

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

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

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

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

Mr. Mathison indirectly holds a controlling interest in Riverside Quays Limited Partnership ("RQLP"), a private Alberta limited partnership involved in the construction and sale of a 700-unit condominium project in Calgary, Alberta. Mr. Mathison is also a director of Stateman Riverside Quays Ltd. ("SRQL"), the former general partner of RQLP. SRQL, without Mr. Mathison's authorization or approval, caused RQLP to default on its loan obligations to its lender and, on December 15, 2010, the lender obtained a court order appointing a receiver of SRQL and RQLP. Mr. Mathison subsequently arranged for the full payout of the loan to RQLP's lender and for the appointment of a new general partner of RQLP. The receiver of SRQL and RQLP was discharged, save for certain oversight and minor administrative duties, in December 2011.

Penalties or Sanctions

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

LEGAL PROCEEDINGS

As a result of the acquisition and amalgamation with Denison in 2004, the Corporation assumed certain legal obligations relating to Denison's Greek operations. In 1998, NAPC, a Greek subsidiary of a consortium in which Denison participated (and which is now a majority-owned subsidiary of the Corporation), terminated employees in Greece as a result of the cessation of its oil and gas operations in that country. Several groups of former employees have filed claims against NAPC and the consortium alleging that their termination was invalid and that their severance pay was improperly determined. In 1999, the largest group of plaintiffs received a ruling from the Athens Court of First Instance that their termination was invalid and that compensation was due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. The said group of former employees filed an appeal with the Supreme Court of Greece which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered in June 2010. NAPC and the Corporation are assessing available rights of appeal to any other levels of court in any jurisdiction where such an appeal is warranted. NAPC is also the subject of a claim by the Greek social security agency for social security obligations associated with the salaries in arrears that are the subject matter of the above-mentioned decision, and interest payable on such amounts.

Several other smaller groups of former employees have filed similar claims 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. The appeal of this decision was heard on June 2, 2009, at which time an additional claim by the plaintiff seeking damages was also heard. A decision in respect of the hearing has been rendered which accepted NAPC's appeal and partially accepted the additional claim of the plaintiff. Another one of the lawsuits seeking salaries in arrears plus interest was heard by the Supreme Court of Greece on November 6, 2007 and September 21, 2010, and on both dates the appeal of the plaintiffs was denied for technical reasons due to improper service. The remaining action, which is seeking salaries in arrears plus interest, was scheduled to be heard before the Athens Court of First Instance on October 1, 2009, but has been postponed a total of four times, including the most recent postponement on February 22, 2013. No new date has been set for the postponed hearing.

The Corporation is sometimes named as a defendant in litigation. The nature of these claims is usually related to normal operational or labor issues. In addition, a collective and class action claim was filed against the Corporation in September 2012 in the United States District Court for the Western District of Pennsylvania. The complaint alleges failure to pay U.S. employees the correct amount of overtime pay required by the FLSA and under the Pennsylvania Minimum Wage Act. In May 2013, the plaintiffs amended their complaint adding a Colorado wage-hour claim. In June 2013, the parties filed a joint stipulation for conditional class action certification of the FLSA collective action with certain current and former employees as the defined class. The notice to opt-in to the class was mailed to 1,204 current and former employees in September 2013. The opt-in period expired on November 15, 2013 and 359 individuals opted in. A discovery plan has been approved by the court that extends through June 23, 2014.

The Corporation has filed answers to each complaint in a timely manner and believes it has defences to each claim. At this time no motion for final class certification as to the FLSA claim or motion for certification of the Pennsylvania or Colorado state law claims has been filed. Thus no FLSA, Pennsylvania or Colorado class has been certified. Plaintiffs have not alleged an amount of damages and at this time it is not possible to predict the amount of any potential recovery. Given the early stage of the proceedings and the existence of available defences, no provision has been recorded in the Corporation's financial statements regarding these claims since the direction and financial consequences of the claims in the amended complaint cannot be determined at this time. The Corporation does not have insurance coverage for these claims.

The Corporation is involved in various other legal proceedings. The legal proceedings are at different stages; however, the Corporation believes that the likelihood of material loss relating to any of such legal proceedings is remote.

TRANSFER AGENT AND REGISTRAR

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

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP has prepared the auditor's report on the consolidated financial statements of the Corporation for the year ended December 31, 2013. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

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

Composition of Audit Committee

The Corporation's Audit Committee is comprised of Ronald P. Mathison, Gregory S. Fletcher, Lorne A. Gartner and Kevin R. Baker, all of whom are financially literate and independent, as such terms are defined in National Instrument 52-110 – Audit Committees.

Relevant Education and Experience

Ronald P. Mathison

Mr. Mathison is one of the Corporation's founders and has served as a member of its board of directors and as Chairman since the Corporation's formation in 1999. Mr. Mathison is the President and Chief Executive Officer of Matco Investments Ltd. and Matco Capital Ltd., private investment firms which specialize in providing capital and management expertise to companies in which they have an interest. Mr. Mathison has extensive experience in restructuring and financing corporations in both the public and private markets and in addition to being one of the Corporation's founders is also a founder of Tesla Exploration Ltd. Until October 2000, Mr. Mathison was a director and principal of Peters & Co. Limited, an investment firm specializing in the oil and natural gas industry. Prior thereto, Mr. Mathison and two other individuals formed the nucleus of Peters & Co. Capital, a private merchant banking entity that is widely associated with numerous restructurings of oil and natural gas exploration and production companies and oilfield service companies. Mr. Mathison received a B.Comm. (Honours) from the University of Manitoba in 1979 and obtained his Chartered Accountant designation in 1982. Mr. Mathison also holds the designation of Chartered Business Valuator, obtained in 1989, and of Chartered Financial Analyst, obtained in 1990.

Gregory S. Fletcher

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

Lorne A. Gartner

Mr. Gartner is an independent businessman. From May of 2000 until March of 2006 he was the Managing Director of Royal Bank of Canada Capital Markets based out of Houston, Texas. In this position, Mr. Gartner was responsible for overseeing the bank's United States energy portfolio. Prior to that time, he was a Vice President of Royal Bank of Canada, Calgary Energy Group. Mr. Gartner has over 38 years of banking experience in Canada with an excess of 20 years experience in energy banking, and has a Bachelor of Commerce Degree from the University of Alberta with a specialization in finance.

Kevin R. Baker

Mr. Baker has served as the President of Baycor Capital Inc. (and its predecessor companies), a company whose principal business is that of a private merchant bank, since January 1990. In addition, Mr. Baker served as President and Chief Executive Officer of Century Oilfield Services Inc. from August 2005 until November 10, 2009, when it was acquired by the Corporation, and as President and Chief Executive Officer of Loncor Resources Inc. (formerly, Nevada Bob's International Inc., a company whose principal business was the licensing of trademarks) from September 2000 until November 2009. Mr. Baker is also a director of Loncor Resources Inc., a public mining company, and Northern Spirit Resources Inc., a public oil and natural gas company. In these roles, Mr. Baker has acquired significant experience and exposure to accounting and financial reporting issues.

Pre-Approval Policies and Procedures

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

External Audit Fees by Category

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

	Year Ended	
	December 31, 2012	**December 31, 2013**
Audit fees	$368,360	$452,544
Audit-related fees	104,790	215,906
Tax-related fees	143,916	484,181
All other fees	-	-
Total fees	$617,066	$1,152,631

Audit Fees

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

Audit-related Fees

Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual and interim financial statements and are not reported under the audit fees item above. These services included quarterly reviews of interim financial statements, audit services related to issuances by the Corporation of debt and equity, the review of incentive bonus calculations as well as accounting consultations and advice relating to variable interest entities, lease accounting and accounting for future income taxes.

Tax-related Fees

Tax-related fees were paid for professional services relating to tax compliance, tax advice and tax planning. These services consisted of tax compliance including the review of original and amended tax returns, tax planning and advisory services relating to common forms of taxation including income tax, large corporations tax, goods and services tax, sales tax and tax consulting related to employee benefit programs, as well as tax advice and tax planning related to issuances by the Corporation of debt and equity and its recent international initiatives.

All Other Fees

All other fees relate to fees payable for products or services other than the audit fees, audit-related fees and tax fees described above. No fees of this description were paid by the Corporation in 2012 or 2013.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issue under equity compensation plans, is contained in the Corporation's management information circular for the annual and special meeting of shareholders held on May 8, 2014. Additional financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the year ended December 31, 2013.

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

APPENDIX "A"

CALFRAC WELL SERVICES LTD.

AUDIT COMMITTEE CHARTER

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) audits of the financial statements of Calfrac.

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

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

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

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

(d) Discuss with the external auditor

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

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

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

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

(i) the financial statements,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(l) Establish procedures for

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

(ii) the confidential, anonymous submission by employees of Calfrac of concerns regarding questionable accounting or auditing matters.

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

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

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

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

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

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

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

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

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

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

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

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

(j) The Committee shall have the authority

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

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

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

Reviewed by the Committee on February 24, 2014 and approved by the Board on February 25, 2014.