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

The annual and special meeting (the "Meeting") of shareholders of Calfrac Well Services Ltd. (the "Corporation") will be held in the McMurray Room at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta, on Tuesday, May 14, 2013, at 3:30 p.m. for the following purposes:

1. to receive the financial statements for the year ended December 31, 2012, and the auditor's report thereon;

2. to elect directors;

3. to appoint the auditor;

4. to consider and, if thought advisable, pass a special resolution to approve the amendment of the articles of amalgamation of the Corporation to authorize the directors to appoint additional directors between annual meetings in accordance with the provisions of the Alberta *Business Corporations Act*, as more fully described in the management information circular accompanying this Notice; and

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

A shareholder may attend the Meeting in person or may be represented by proxy. **Shareholders who are unable to attend the Meeting in person are requested to complete, date and sign the accompanying form of proxy and return it in the envelope provided to Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1. To be valid and used, properly executed proxies must be received by Computershare Trust Company of Canada at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment thereof.**

DATED March 28, 2013.

BY ORDER OF THE BOARD OF DIRECTORS

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

MANAGEMENT INFORMATION CIRCULAR

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of Calfrac Well Services Ltd. (the "Corporation") for use at the annual and special meeting of shareholders of the Corporation to be held in the McMurray Room at the Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta, on Tuesday, May 14, 2013, at 3:30 p.m. (the "Meeting") and at any adjournment thereof for the purposes set forth in the accompanying notice of meeting. The cost of such solicitation will be borne by the Corporation.

APPOINTMENT OF PROXYHOLDER AND DISCRETIONARY AUTHORITY

The persons designated in the accompanying form of proxy are officers of the Corporation. **A shareholder has the right to appoint a person or company to represent the shareholder at the Meeting other than the persons designated in the accompanying form of proxy.** A shareholder may exercise this right by inserting in the blank space provided in the accompanying form of proxy the name of the person to be appointed and deleting the names of the persons designated in the form of proxy, or by completing another proper form of proxy. In order for a proxy to be valid, it must be dated and signed by the shareholder or by the shareholder's attorney authorized in writing and received by Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, not later than 4:30 p.m. (EDT) on Friday, May 10, 2013, or 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting.

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

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

REVOCABILITY OF PROXY

A shareholder may revoke a proxy by depositing an instrument in writing executed by the shareholder or the shareholder's attorney authorized in writing at the office of Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof.

VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

The record date for the Meeting is April 2, 2013. A person whose name was entered on the register of common shares at the close of business on that date is entitled to vote at the Meeting the shares shown opposite that person's name in the register of common shares, except to the extent that the person has transferred the ownership of any of the person's shares after the record date and the transferee of those shares establishes that the transferee owns the shares and demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee is entitled to vote the transferee's shares at the Meeting. As at March 28, 2013, there were 45,500,178 common shares outstanding, with each share carrying the right to one vote.

To the knowledge of the directors and officers of the Corporation, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation other than Ronald P. Mathison, who has advised the Corporation that he beneficially owns, or controls or directs, directly or indirectly, 9,149,449 common shares, representing approximately 20% of the outstanding common shares.

VOTING BY NON-REGISTERED SHAREHOLDERS

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

Alternatively, Non-registered Shareholders may attend the Meeting and vote their shares as proxyholder by entering their own name in the space provided on the voting instruction form supplied by their nominee and following the signing and return instructions. Non-registered Shareholders who follow this procedure will be recognized at the Meeting as proxyholders and will be permitted to vote their shares in that capacity.

INFORMATION REGARDING PREDECESSOR

On March 24, 2004, Denison Energy Inc. ("Denison") amalgamated with a private corporation known as Calfrac Well Services Ltd. ("CWSL"). On March 8, 2004, Denison had 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. On November 10, 2009, the Corporation acquired all of the issued and outstanding shares of Century Oilfield Services Inc. ("Century"), and on January 1, 2010 it was amalgamated with the Corporation. On January 1, 2011, the Corporation amalgamated with its wholly owned subsidiary, Dominion Land Projects Ltd. References in this Circular 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.

BUSINESS OF THE MEETING

Receipt of Financial Statements

The financial statements for the year ended December 31, 2012, and the report of the auditor will be placed before the shareholders at the Meeting. The financial statements are being mailed to registered shareholders with this Circular, and copies will be available at the Meeting.

Appointment of Auditor

Shareholders will be asked at the Meeting to pass a resolution reappointing PricewaterhouseCoopers LLP as the auditor of the Corporation to hold office until the close of the next annual meeting of shareholders. During the financial year ended December 31, 2012, PricewaterhouseCoopers LLP received $467,585 for performing audit services, $5,565 for audit-related services and $143,916 for tax services.

Election of Directors

The Articles of the Corporation provide that the minimum number of directors shall be three and the maximum number shall be 15. There are currently seven directors. The board of directors of the Corporation has set the number of directors to be elected at the Meeting at eight. At the Meeting, shareholders will be asked to elect as directors the eight nominees listed in the following table to serve until the close of the next annual meeting of shareholders. All of the proposed nominees, other than Fernando Aguilar, were duly elected as directors at the annual meeting of shareholders held on May 15, 2012.

Majority Voting

The Corporation's majority voting policy for the election of directors provides that in the event that any nominee for election receives more "withheld" votes than "for" votes at any meeting at which shareholders vote on the uncontested election of directors, such nominee shall immediately tender his or her resignation to the board of directors, to be effective on acceptance by the board. The board of directors shall consider the resignation and disclose by press release its decision whether to accept that resignation and the reason for its decision no later than 90 days after the date of the resignation, and the board of directors may fill any vacancy created thereby. The Report of Voting Results filed on SEDAR following the Meeting will include a breakdown of the votes for and the votes withheld for each nominee, rather than simply disclosing the result of the vote.

Nominees for Election

The following table provides, among other things, the names, ages and cities of residence of all persons proposed to be nominated for election as directors of the Corporation, their committee memberships, the date on which each became a director of the Corporation (or its predecessor, Denison), the present occupations and brief biographies of such persons and the number of securities of the Corporation beneficially owned, or controlled or directed, directly or indirectly, and the number of deferred share units or preferred share units, as applicable, held by each nominee as at March 28, 2013.

Ronald P. Mathison
Age: 56
Calgary, Alberta, Canada
Director since March 8, 2004(1)
Independent(2)

Skills and Experience(9):
Business
Board
International
Financial
Compensation
Strategic Growth

Mr. Mathison is one of the Corporation's founders and served as a member of the board of directors and as Chairman of the Corporation since its formation in 1999. 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 companies in both the public and private markets and 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.

Board/Committee Memberships	**Attendance at Meetings during 2012**	
Board of Directors	5 of 5	100%
Audit Committee	2 of 4	50%
Compensation Committee	2 of 3	67%
Other Public Company Board Memberships		
CMQ Resources Inc.		
Tesla Exploration Ltd.		
Western Energy Services Corp.		

Securities Held

Common Shares(3)	**DSUs(4)**	**Total Market Value of Securities Held(5)**	**Meets Minimum Share Ownership Requirement(6)**
9,149,449 (6)	10,000	$249,961,363	Yes

Douglas R. Ramsay
Age: 57
Okotoks, Alberta,Canada
Director since March 24, 2004
Not Independent

Skills and Experience[9]**:**
Business
International
Operational
Financial
Compensation
Strategic Growth

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

Board/Committee Memberships	**Attendance at Meetings during 2012**	
Board of Directors	5 of 5	100%
Health, Safety and Environment Committee	4 of 4	100%
Other Public Company Board Memberships		
None		

Securities Held			
Common Shares[3]	**PSUs**[8]	**Total Market Value of Securities Held**[5]	**Meets Minimum Share Ownership Requirement**[6]
1,907,592	25,000	$52,740,436	Yes

Kevin R. Baker, Q.C.
Age: 64
Calgary, Alberta, Canada
Director since May 11, 2010
Independent[2]

Skills and Experience[9]**:**
Business
Board
International
Operational
Financial
Legal
Compensation
Strategic Growth

Mr. Baker served as President and Chief Executive Officer of Century Oilfield Services Inc. from August 2005 until November 10, 2009, when it was acquired by the Corporation. He also 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. He was the President and Chief Executive Officer of Loncor Resources Inc. (formerly, Nevada Bob's International Inc., a company whose principal business was the licensing of trademarks) from September 2000 until November 2009.

Board/Committee Memberships	**Attendance at Meetings during 2012**	
Board of Directors	5 of 5	100%
Compensation Committee	3 of 3	100%
Corporate Governance and Nominating Committee (Chair)	2 of 2	100%
Other Public Company Board Memberships		
Loncor Resources Inc. Northern Spirit Resources Inc.		

Securities Held			
Common Shares[3]	**DSUs**[4]	**Total Market Value of Securities Held**[5]	**Meets Minimum Share Ownership Requirement**[6]
215,055	5,000	$6,005,301	Yes

James S. Blair
Age: 57
Calgary, Alberta, Canada
Director since May 8, 2002[1]
Independent[2]

Skills and Experience[9]**:**
Business
Board
International
Operational
Financial
Compensation
Strategic Growth

Mr. Blair is the President and Chief Executive Officer of Glenogle Energy Inc., a private oil and gas exploration and development company. Mr. Blair was the Chairman and Chief Executive Officer of ExAlta Energy Inc. from 2002 to 2008. Until January 2002, Mr. Blair was Senior Vice President and Chief Operating Officer of Husky Energy Inc. Mr. Blair is a member of the External Research Advisory Board of the Schulich School of Engineering, University of Calgary.

Board/Committee Memberships	**Attendance at Meetings during 2012**	
Board of Directors	5 of 5	100%
Health, Safety and Environment Committee (Chair)	4 of 4	100%
Corporate Governance and Nominating Committee	2 of 2	100%
Other Public Company Board Memberships		
None		

Securities Held			
Common Shares[3]	**DSUs**[4]	**Total Market Value of Securities Held**[5]	**Meets Minimum Share Ownership Requirement**[6]
21,314	5,000	$718,109	Yes

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

Skills and Experience[(9)]:
Business
Board
International
Operational
Financial
Compensation
Strategic Growth

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. During 2009, Mr. Fletcher completed the Director Education Program developed by the Institute of Corporate Directors and the Rotman School of Management in conjunction with the Haskayne School of Business.

Board/Committee Memberships	**Attendance at Meetings during 2012**	
Board of Directors	5 of 5	100%
Audit Committee (Chair)	4 of 4	100%
Compensation Committee	3 of 3	100%
Other Public Company Board Memberships		
Peyto Exploration and Development Corp.		
Total Energy Services Inc.		
Whitecap Resources Inc.		

Securities Held			
Common Shares[(3)]	**DSUs[(4)]**	**Total Market Value of Securities Held[(5)]**	**Meets Minimum Share Ownership Requirement[(6)]**
35,802	5,000	$1,113,487	Yes

Lorne A. Gartner
Age: 63
Calgary, Alberta, Canada
Director since May 11, 2010
Independent[(2)]

Skills and Experience[(9)]:
Business
Board
International
Financial
Compensation
Strategic Growth

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

Board/Committee Memberships	**Attendance at Meetings during 2012**	
Board of Directors	5 of 5	100%
Audit Committee	4 of 4	100%
Health, Safety and Environment Committee	4 of 4	100%
Other Public Company Board Memberships		
Tesla Exploration Ltd.		
Western Energy Services Corp.		

Securities Held			
Common Shares[(3)]	**DSUs[(4)]**	**Total Market Value of Securities Held[(5)]**	**Meets Minimum Share Ownership Requirement[(6)]**
8,054	5,000	$356,244	Yes

R.T. (Tim) Swinton
Age: 66
Calgary, Alberta, Canada
Director since March 24, 2004
Independent[(2)]

Skills and Experience[(9)]:
Business
Board
International
Operational
Financial
Compensation
Strategic Growth

Mr. Swinton is an independent businessman. He has considerable business experience in the junior and service sectors of the oil and natural gas industry in western Canada. From 1999 to 2001, he was the Executive Chairman of IPEC Ltd., a Canadian pipeline and oilfield construction company. Prior thereto, Mr. Swinton was Chairman and Chief Executive Officer of Kenting Energy Services Inc., and Chairman, President and Chief Executive Officer of EnServ Corporation. Mr. Swinton has also served on the boards of directors of a number of energy services and other energy-related public companies, including Koch Pipelines Canada Limited, Enserco Energy Service Company Inc. and Anderson Exploration Ltd.

Board/Committee Memberships	**Attendance at Meetings during 2012**	
Board of Directors	5 of 5	100%
Audit Committee	4 of 4	100%
Compensation Committee (Chair)	3 of 3	100%
Corporate Governance and Nominating Committee	2 of 2	100%
Other Public Company Board Memberships		
None		

Securities Held			
Common Shares[(3)]	**DSUs[(4)]**	**Total Market Value of Securities Held[(5)]**	**Meets Minimum Share Ownership Requirement[(6)]**
44,000	5,000	$1,337,210	Yes

Fernando Aguilar
Age: 53
Calgary, Alberta, Canada
Not Independent

Skills and Experience[9]:
Business
Board
International
Operational
Financial
Compensation
Strategic Growth

Mr. Aguilar has been the President and Chief Operating Officer of the Corporation since November 2010. From April 2009 until October 2010, Mr. Aguilar was the President, Geophysical Services for the Americas of CGG Veritas, a global geophysical company. Prior thereto, he held the position of President, Eastern Hemisphere, and prior to that was Executive Vice President for Canada Land Processing, Canada Land Library and Western Hemisphere Land Acquisition. Upon joining Veritas in 2004, Mr. Aguilar's leadership role encompassed responsibility for Canadian and Latin American operations and business sectors. Formerly with Schlumberger Limited, Mr. Aguilar has over thirty years of worldwide experience in various technology, business and oilfield sectors.

Board/Committee Memberships	Attendance at Meetings during 2012	
N/A	N/A	N/A

Other Public Company Board Memberships
Tesla Exploration Ltd.

Securities Held			
Common Shares[3]	PSUs[8]	Total Market Value of Securities Held[5]	Meets Minimum Share Ownership Requirement[6]
84,600	20,000	$2,854,534	N/A

Notes:

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

(2) "Independent" refers to the standards of independence set forth within Section 1.4 of National Instrument 52 — 110 ***Audit Committees***. Over 85% of the nominees are considered Independent under this standard.

(3) The information as to the ownership of common shares has been provided by the nominees.

(4) The information as to the deferred share units ("DSUs") held by directors or, in the case of Messrs. Ramsay and Aguilar, preferred share units ("PSUs"), is as of March 28, 2013. For more detailed information relating to the DSUs held by the directors, see "Executive Compensation — Directors' Compensation", and in respect of the PSUs held by Messrs. Ramsay and Aguilar, see "Executive Compensation — Summary Compensation Table" and "Executive Compensation — Incentive Plan Awards".

(5) The information as to the total market value of the director nominees' equity holdings, consisting of common shares, DSUs and PSUs, as applicable, is as of March 28, 2013.

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

(7) Includes 7,329,808 common shares held by Matco Investments Ltd., an entity controlled by Mr. Mathison.

(8) The information as to the PSUs held by Messrs. Ramsay and Aguilar is as of March 28, 2013. For more detailed information relating to the PSUs held by Messrs. Ramsay and Aguilar, see "Executive Compensation — Summary Compensation Table — Narrative Discussion".

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

(10) The Corporation does not have a retirement policy for its board of directors.

Cease Trade Orders or Bankruptcies

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

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

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

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

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

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

Mr. Mathison indirectly holds a controlling interest in Riverside Quays Limited Partnership ("RQLP"), a private Alberta limited partnership involved in the construction and sale of a 700-unit condominium project in Calgary, Alberta. Mr. Mathison 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 has been discharged.

Penalties or Sanctions

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

Amendment to the Articles of Amalgamation

If the articles of a corporation so provide, the Alberta *Business Corporations Act* (the "ABCA") permits the directors of such corporation to appoint one or more additional directors of the corporation to serve until the next annual meeting, provided that the number of additional directors so appointed shall not at any time exceed one-third of the number of directors who held office at the expiration of the last annual meeting of the corporation. The Corporation's articles of amalgamation do not currently include a provision enabling the board of directors to appoint additional directors between annual meetings. In anticipation that qualified candidates for appointment to the board of directors may be identified between annual meetings of the Corporation and to provide the board of directors with the certainty to appoint such individuals to the board of directors in accordance with the provisions of the ABCA, shareholders of the Corporation will be asked to consider and, if thought advisable, pass the following special resolution (the "Amendment Resolution"):

"BE IT RESOLVED THAT:

1. the articles of amalgamation of the Corporation be amended to authorize the directors to appoint one or more additional directors of the Corporation to serve until the next annual meeting, provided that the number of additional directors so appointed shall not at any time exceed one-third of the number of directors who held office at the expiration of the last annual meeting of the Corporation; and

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

In order for the Amendment Resolution to be passed at the Meeting, at least two-thirds of the votes cast by the shareholders of the Corporation, either in person or by proxy, must be voted in favour of such resolution.

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

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Form of Compensation Disclosure

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

Compensation Philosophy and Strategy

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

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

- total target compensation for executives should be market competitive relative to the Corporation's primary compensation comparator groups;
- compensation should be linked to both qualitative and behavioral expectations, and key operational and strategic metrics;
- the total compensation mix is designed to reflect competitive market requirements and strategic business needs;
- a significant portion of each executive's compensation should be at risk to ensure alignment with the Corporation's values and strategy. The degree of at risk compensation will positively correlate to the level of the executive's responsibility; and
- interests of executives are linked with shareholders through share ownership.

Compensation Governance

The Compensation Committee consists of four members, R.T. (Tim) Swinton, Gregory S. Fletcher, Ronald P. Mathison and Kevin R. Baker, each of whom is independent. The board of directors recognizes the importance of appointing knowledgeable and experienced individuals to the Compensation Committee who have the required background in executive compensation to fulfill the Compensation Committee's obligations. In addition to their experience as members of the Compensation Committee of the Corporation, all of such members have significant experience in dealing with executive compensation matters as directors and/or senior leaders of other energy-related public companies and all of such members currently serve, or have served, on the compensation committee of the board of directors of other energy-related public companies.

Succession Planning

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

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

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

(iii) to focus management on leadership development; and

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

Compensation Approval Process

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

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

Market Comparators

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

Trican Well Services Ltd.
Savanna Energy Services Corp.
Mullen Group
Trinidad Drilling Ltd.
Ensign Energy Services Inc.
ShawCor Ltd.
Pason Systems Inc.

In addition, in 2012 the Compensation Committee reviewed data for each of the officer positions against a broader set of comparator companies selected by Mercer (Canada) Limited ("Mercer"), an independent compensation consultant, to ensure that the compensation targets for each of the officer positions continues to be market competitive and aligned with the Corporation's business strategy. This broader comparator group included companies in the energy industry that had revenues ranging from 50% to 200% of the Corporation's estimated 2012 revenue.

Independent Compensation Consultant

The Corporation's executive compensation programs and assessment of competitive levels of compensation have been determined with the assistance of Mercer since 2007. In 2012, Mercer was retained by the Corporation to conduct an independent review of the Corporation's executive compensation program, including overall design, performance metrics, a peer group analysis and compensation levels for individual executives. The advice received from Mercer was an important element in developing the Compensation Committee's recommendations to the board of directors with respect to executive compensation levels, performance metrics and overall program design; however, the Compensation Committee also considers many other relevant factors in fulfilling its mandate.

For the financial years ended December 31, 2011 and 2012, the Corporation paid the following consulting fees to Mercer:

Fees	2012	2011
Executive Compensation Related Fees(1)	$82,559	$4,824
All Other Fees(2)	$110,409	$55,415

Notes:

(1) Includes fees for services related to determining compensation for the Corporation's directors and officers. In 2011 and 2012, a portion of these fees related to the design and roll-out of the Corporation's RSU Plan (as defined below), which fees were apportioned for purposes of this category according to the percentage of RSUs (as defined below) granted to officers of the Corporation on the initial grant date. In 2012, a portion of these fees related to an independent review of the Corporation's executive compensation program, including overall design, performance metrics, a peer group analysis and compensation levels for individual executives.

(2) Includes fees for consulting services related to non-executive compensation matters and fees for the Corporation's participation in the annual market surveys carried out by Mercer. In 2011 and 2012, a portion of these fees related to the design and roll-out of the Corporation's RSU Plan (as defined below), which fees were apportioned for purposes of this category according to the percentage of RSUs (as defined below) granted to employees of the Corporation on the initial grant date. In 2012, a portion of these fees related to an independent review of the Corporation's compensation program applicable to field workers and sales staff, including overall design, performance metrics and compensation levels for various classes of said employee groups.

The Compensation Committee is required to pre-approve any services to be provided at the request of management by a compensation consultant related to executive or board compensation matters.

Compensation Elements

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

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

Base Salary

Base salary provides guaranteed cash income that is reflective of the competitive market place and is representative of one year of performance. To establish the appropriate pay level for each position, the Corporation uses third party survey data to establish an appropriate benchmark for pay level based on the scope, complexity and responsibility of each role. By benchmarking to a survey peer group, the Corporation ensures that its salary levels align to similar positions within the market place. Finally, although the Corporation targets the 50th to 75th percentile for base salary compensation, final positioning is dependent on the executive's previous experience and performance.

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

Short-Term Incentive Plan

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

For 2012, the corporate performance measure utilized for the purposes of the STIP was return on capital employed ("ROCE"), which was developed in conjunction with the 2012 budget and forecast calculation. Beginning in 2013, the Corporation will also utilize operating income as a corporate performance measure for the purposes of the STIP.

The use of ROCE as the corporate performance measure provides direct alignment with the interests of shareholders by providing a tangible financial target that must be met in order for employees and officers to realize any economic value under the STIP. The use of ROCE provides a balanced management approach that encourages prudent entrepreneurial risks and efficient capital deployment. Additionally, the use of a health and safety performance measure up to a maximum of 20% of the aggregate award entitlement under STIP ensures that the Corporation continues to establish and maintain a culture that is focused on protecting the health and safety of its employees.

The minimum consolidated ROCE threshold is determined on an annual basis taking into account planned fixed costs such as interest expense, dividends, STIP payouts, maintenance capital expenditures and the cash portion of stock-based compensation expenses. If the minimum consolidated ROCE threshold is achieved, a payout under the STIP will occur. ROCE and Total Recordable Injury Frequency ("TRIF") performance account for 80% and 20% of the STIP payout, respectively.

If an employee reports into an operating division, 40% of the STIP payout for such employee is related to divisional ROCE performance and consolidated ROCE performance, respectively. For all other employees, 80% of the STIP payout is related to consolidated ROCE performance. In addition, for corporate employees and divisional employees in the Russian and Latin American divisions, the portion of the STIP related to TRIF is linked to consolidated TRIF performance. For divisional employees in the Canadian and United States divisions, the portion of the STIP related to TRIF is linked to TRIF performance for their respective division given the larger scope of operations in Canada and the United States.

ROCE is a ratio that measures the efficiency and profitability of a corporation's capital investments. For the purposes of the STIP, ROCE is calculated based on the Corporation's adjusted earnings as a percentage of its average capital employed. Adjusted earnings represents the divisional and consolidated net income attributable to the shareholders of the Corporation before income taxes, net interest expense, the non-cash portion of stock-based compensation expense and the bonus provision. Average capital employed consists of the annualized average of the net book value of the Corporation's fixed assets that are available for operational use and the Corporation's non-cash working capital, exclusive of any accrued amounts related to the STIP or interest, and goodwill.

For 2012, a minimum consolidated ROCE of 6.5% was required before any amounts under the STIP were payable. The STIP payout amount related to ROCE increases proportionally until the maximum consolidated ROCE target, which was 20% in 2012, is achieved. The various thresholds and associated STIP payout amounts related to ROCE, which can be achieved once the minimum consolidated ROCE is met, are determined based on the minimum consolidated ROCE. At the minimum consolidated ROCE threshold, the STIP payout amount related to ROCE is equal to 20% and at the maximum consolidated ROCE target, the STIP payout amount related to ROCE is equal to 125%.

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

In 2012, a minimum TRIF target of 5.0 was required before any portion of the remaining 20% of the STIP amount was payable. The STIP payout amount related to TRIF increases proportionally until the maximum TRIF target of 3.5 is achieved. At a TRIF of 5.0, the STIP payout amount related to TRIF is equal to 20% and at a TRIF of 3.5, the STIP payout amount related to TRIF is equal to 100%. Given the fact that health and safety performance is a core value of the Corporation, the ultimate TRIF goal, which is communicated to the Corporation's employees, third-party service providers and clients, is "Goal Zero".

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

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

Participant	Incentive Target	Payout Range	ROCE	Safety Performance (TRIF)	Divisional Performance	Corporate Performance	Individual Performance
CEO & COO	100%	0 – 144%	Yes	Yes	N/A	Yes	Yes
Corporate Executives	100%	0 – 144%	Yes	Yes	N/A	Yes	Yes
Divisional Executives	75 – 100%	0 – 144%	Yes	Yes	Yes	Yes	Yes

The financial results of companies in the oil and gas services sector are very closely linked to the commodity price cycle, which is volatile and cyclical. The Corporation believes that the annual cash STIP should represent a significant portion of the total compensation for employees in order to ensure that STIP awards are being paid out only in periods where the Corporation's financial performance warrants and supports such awards. The volatility of the commodity price cycle results in higher payments in strong economic years and substantially lower or no payments in weaker economic years.

Longer-Term Incentives

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

(i) align the interests of participants with those of shareholders;

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

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

(iv) provide a retention incentive.

The Corporation uses three longer-term incentive plans as part of its total compensation strategy – a stock option plan ("Option Plan") that is a conventional stock option plan which provides a focus on long-term share price growth, a performance share unit plan ("PSU Plan") that provides a medium-term focus related to defined performance criteria, and a restricted share unit plan ("RSU Plan") that provides a medium-term focus related to share price growth. Eligibility varies according to the officer's role.

The Corporation's annual option and restricted share unit ("RSU") grant is predicated on the recommendations of the Corporation's various Division Presidents using a classification system which outlines appropriate option and RSU ranges for participants within the organization based on job grade level, responsibilities, experience and training. These recommendations are then vetted by the Corporation's Chief Executive Officer and President and Chief Operating Officer, who recommend an aggregate pool of options and RSUs to the Compensation Committee for its approval. On the recommendation of the Compensation Committee, the Corporation's board of directors approves an aggregate number of options and RSUs to be awarded to eligible participants under the Option Plan and RSU Plan, respectively. The authorized option and RSU pools are then allocated in accordance with management's recommendations, as modified throughout the various stages of review. The impartiality of this process is augmented by the fact that the Corporation's Chief Executive Officer and President and Chief Operating Officer, who are responsible for approving management's recommendations to the Compensation Committee, do not receive any options under the Option Plan nor do they receive any RSUs under the RSU Plan. Previous option and RSU grants are taken into account by management and the Compensation Committee when considering new grants. Grants of options are generally provided on January 1st of each year with a five year term and a four year vesting schedule. Grants of RSUs are generally provided on March 1st of each year with a three year vesting schedule. Options and RSUs may also be granted outside of the annual grant program in recognition of promotion or a significant change in duties and responsibilities. As with other programs, the eligibility for options and RSUs is dependent on employee performance and potential long-term contribution to and impact on the organization. The objective of the long-term incentive programs is to administer a sustainable and meaningful pool of options and RSUs while managing the dilutive impact on shareholders and the financial impact on the Corporation.

Recognition Programs

The Corporation instituted an employee recognition program in 2009 to recognize and reward employees within the organization who have contributed to the Corporation's success. The program consists of a multi-level recognition program, ranging from non-monetary peer to peer recognition to semi-annual awards of up to $5,000. A maximum amount of $300,000 has been allocated to the recognition program for 2013. Also during 2009, the Corporation instituted a CEO's Award program which is designed to reward employees for outstanding achievements resulting in significant cost savings or contributions to the Corporation's financial and operational performance. The CEO's Award program has a budget of up to $300,000 for 2013. An aggregate of $292,000 was awarded under these recognition programs in respect of 2012.

Perquisites and Benefits

The Corporation provides officers with perquisites, including car allowances or company vehicles and parking. Relevant club memberships are provided to select executives. The Corporation has also established a retirement savings plan (RRSP or 401K) pursuant to which it provides a matching contribution for all participating employees, up to specific thresholds, subject to an over-riding discretion to temporarily cease matching contributions in response to weakened industry conditions. All employees of the Corporation are entitled to participate in the retirement savings plan.

The Corporation provides an employee benefits plan, including extended health coverage, life insurance, short and long-term disability insurance, and dental coverage to each employee. This plan is benchmarked against other benefits plans in the industry to ensure its competitiveness.

Risks Associated with Compensation Policies

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

In its analysis of the risks associated with the Corporation's compensation policies, the Compensation Committee is mindful of any practices that may motivate behaviors amongst decision makers that individually or collectively may have a negative impact on the Corporation. The Corporation's total rewards compensation framework is designed to reward short-term results and long-term value creation. The most significant components of the Corporation's compensation framework include base salary, a form of compensation that is not "at risk", and STIP awards and equity incentive awards, such as stock options, PSUs and RSUs, which are considered to be "at risk". This mix is designed to encourage officers to take measured risks that may have a positive impact on the Corporation's performance while simultaneously providing adequate compensation to officers to discourage them from taking excessive or inappropriate risks. In addition, it is important to note the STIP, which is a significant component of short-term compensation, and the RSU Plan, which is a significant component of longer-term compensation, are both linked to ROCE, which is predicated on achieving financial performance that is identifiably aligned with shareholder value as opposed to performance criteria that are devoid of any tangible link to the Corporation's financial and operational performance. As stated, awards under the STIP and the RSU plan are not payable in the event that the Corporation does not meet the minimum threshold ROCE set at the beginning of each year by the board of directors. For 2012, a minimum consolidated ROCE of 6.5% was required before amounts under the STIP and the RSU Plan were payable.

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

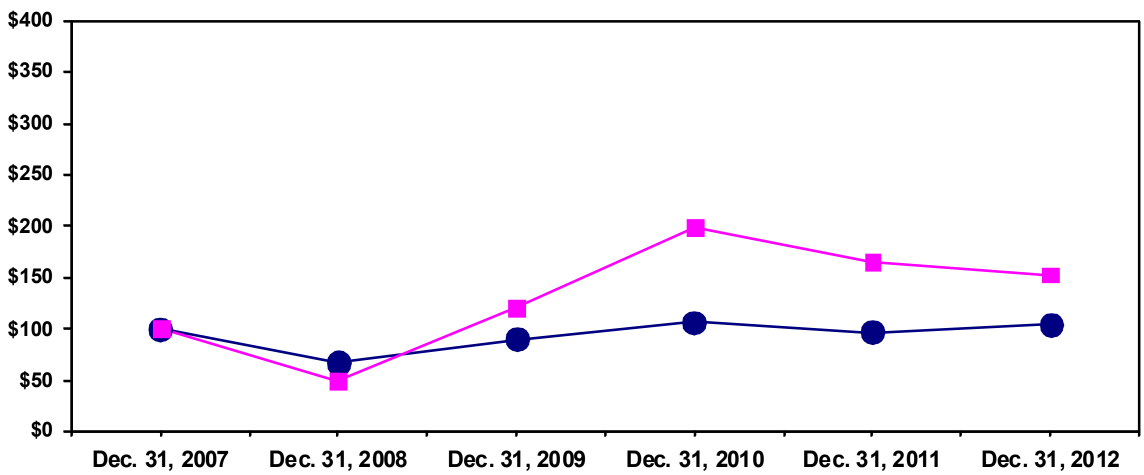
Prohibited Securities Transactions

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

Performance Graph

The graph below compares the cumulative return on the common shares of the Corporation with the cumulative total return of the S&P/TSX Composite Index for the period commencing December 31, 2007 and ending December 31, 2012.

TOTAL RETURN ON $100 INVESTMENT
FROM DECEMBER 31, 2007 TO DECEMBER 31, 2012



	December 31, 2007	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012
● S&P/TSX Composite Index	$100	$67.00	$90.48	$106.41	$97.14	$104.13
■ Calfrac Well Services Ltd.	$100	$49.52	$120.17	$198.26	$165.74	$152.86

Narrative Discussion

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

Summary Compensation Table

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

Name and principal position	Year	Salary ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)		All other compensation ($)[(1)]	Total compensation ($)
					Annual incentive plans	Long-term incentive plans		
Douglas R. Ramsay	2012	410,000	694,750[(2)]	-	560,880[(3)]	-	13,000[(4)]	1,678,630
Chief Executive Officer	2011	385,000	695,000[(5)]	-	554,400[(3)]	-	11,225[(4)]	1,645,625
	2010	300,000	-[(6)]	-	339,900[(3)]	-	8,319[(4)]	648,219
Fernando Aguilar[(7)]	2012	394,000	555,800[(8)]	-	538,992[(3)]	-	9,093[(4)]	1,497,885
President and Chief	2011	375,000	684,300[(9)]	-	495,000[(3)]	-	11,225[(4)]	1,565,525
Operating Officer	2010	64,903	650,200[(10)]	-	66,851[(3)]	-	155,456[(11)]	937,410
Laura A. Cillis	2012	273,000	42,180[(12)]	194,609[(13)]	311,220[(3)]	-	11,485[(4)]	832,494
Senior Vice President,	2011	260,000	-	327,525[(13)]	312,000[(3)]	-	9,625[(4)]	909,150
Finance and Chief Financial Officer	2010	210,000	-	223,245[(13)]	227,115[(3)]	-	12,601[(4)]	672,961
F. Bruce Payne[(14)]	2012	259,835	52,725[(15)]	145,957[(13)]	306,389[(16)]	-	133,825[(17)]	898,731
Vice President, Global	2011	246,474	-	327,525[(13)]	327,195[(18)]	-	145,857[(19)]	1,047,051
Operations	2010	227,451	-	208,367[(13)]	316,346[(20)]	-	113,176[(21)]	865,340
B. Mark Paslawski	2012	262,500	63,270[(22)]	194,609[(13)]	374,138[(23)]	-	11,510[(4)]	906,027
Vice President, General	2011	250,000	-	327,525[(13)]	349,672[(24)]	-	11,225[(4)]	938,422
Counsel and Corporate Secretary	2010	210,000	-	223,245[(13)]	263,219[(25)]	-	12,600[(4)]	709,064

Notes:

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

(2) The grant date fair value of the PSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of PSUs held by Mr. Ramsay by the closing price of the Corporation's common shares on the grant date of such PSUs, being February 27, 2012 ($27.79). The realized value is determined when the incentive is paid to Mr. Ramsay.

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

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

(5) The grant date fair value of the PSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of PSUs held by Mr. Ramsay by the closing price of the Corporation's common shares on the grant date of such PSUs, being February 28, 2011 ($34.75). The realized value is determined when the incentive is paid to Mr. Ramsay.

(6) Prior to 2010, PSUs were granted at the last meeting of the board of directors held before the year in respect of which the PSUs were being granted, but in accordance with applicable securities legislation the awards were included as compensation in the year of grant rather than in the year to which the PSUs related. As a result, the PSUs granted and reported in 2009 were in respect of 2010.

(7) Mr. Aguilar was appointed President and Chief Operating Officer effective November 1, 2010. Mr. Aguilar's 2010 compensation consists of his meeting fees and proportionate board retainer and DSUs to November 1, 2010, as well as his compensation as President and Chief Operating Officer from November 1, 2010, including 20,000 PSUs granted to Mr. Aguilar in connection with his appointment as President and Chief Operating Officer and in consideration of Mr. Aguilar's relocation to Calgary, Alberta

from Houston, Texas and the associated forfeiture of certain incentive compensation associated with Mr. Aguilar's resignation of his position with his former employer.

(8) The grant date fair value of the PSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of PSUs held by Mr. Aguilar by the closing price of the Corporation's common shares on the grant date of such PSUs, being February 27, 2012 ($27.79). The realized value is determined when the incentive is paid to Mr. Aguilar.

(9) The grant date fair value of the PSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of PSUs held by Mr. Aguilar by the closing price of the Corporation's common shares on the grant date of such PSUs, being February 28, 2011 ($34.75) in respect of 15,000 PSUs and May 4, 2011 ($32.61) in respect of 5,000 PSUs. The realized value is determined when the incentive is paid to Mr. Aguilar.

(10) The grant date fair value of the PSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of PSUs held by Mr. Aguilar by the closing price of the Corporation's common shares on the grant date of such PSUs, being December 8, 2010 ($32.51). The realized value is determined when the incentive is paid to Mr. Aguilar.

(11) Attributable to: (a) a cash payment of $133,626 in respect of the proportionate vesting of Mr. Aguilar's 5,000 DSUs to November 1, 2010, granted to him in connection with his position as a member of the board of directors prior to his appointment as President and Chief Operating Officer; (b) meeting fees and Mr. Aguilar's proportionate board retainer for 2010 in the amount of $17,395; and (c) the Corporation's retirement savings plan contributions on behalf of Mr. Aguilar.

(12) The grant date fair value of the RSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of RSUs held by Ms. Cillis by the closing price of the Corporation's common shares on the grant date of such RSUs, being March 1, 2012 ($35.15).

(13) The grant date fair values of stock options are theoretical expected values calculated at the date of grant in accordance with the Black-Scholes option pricing model, which is consistent with the accounting treatment afforded to options in the Corporation's financial statements, and is considered by the board of directors to be a reasonable estimate of fair market value. The realized values are determined when the incentives are paid to the executive officers.

(14) Mr. Payne is paid in US dollars. Mr. Payne's salary has been converted into Canadian dollars at the Bank of Canada noon exchange rate in effect at the end of each month.

(15) The grant date fair value of the RSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of RSUs held by Mr. Payne by the closing price of the Corporation's common shares on the grant date of such RSUs, being March 1, 2012 ($35.15).

(16) Attributable to: (a) a STIP award in the amount of US$296,400, converted at 1.0193, the Bank of Canada noon exchange rate on March 15, 2013, the date of payment of the STIP award; and (b) an entitlement under the annual CEO's Award Program in the amount of $4,268 (which award was US$4,243, US$2,537 of which is converted at 1.0151, the Bank of Canada noon exchange rate on July 13, 2012, 2012, the date of payment of such portion of the award, and US$1,706 of which is converted at 0.9920, the Bank of Canada noon exchange rate on August 24, 2012, the date of payment of such portion of the award).

(17) Attributable to: (a) perquisites, including $37,076 for a tax equalization payment and $66,000 for monthly rental payments made on Mr. Payne's behalf in conjunction with his relocation to Calgary at the Corporation's request; and (b) the Corporation's retirement savings plan contributions on behalf of Mr. Payne.

(18) Represents US$330,000, converted at 0.9915, the Bank of Canada noon exchange rate on March 14, 2012, the date of payment of the STIP award.

(19) Attributable to: (a) perquisites, including $51,891 for a tax equalization payment and $63,714 for monthly rental payments made on Mr. Payne's behalf in conjunction with his relocation to Calgary at the Corporation's request; and (b) the Corporation's retirement savings plan contributions on behalf of Mr. Payne.

(20) Attributable to: (a) a STIP award in the amount of US$251,680, converted at 0.9759, the Bank of Canada noon exchange rate on March 14, 2011, the date of payment of the STIP award; and (b) an entitlement under the annual CEO's Award Program in the amount of $70,731 (which award was US$70,000 and converted at 1.0358 and 1.0003, the Bank of Canada noon exchange rates on September 10, 2010 and December 29, 2010, the date of payment of the awards).

(21) Attributable to: (a) perquisites, including $24,581 for a tax equalization payment and $57,700 for monthly rental payments made on Mr. Payne's behalf in conjunction with his relocation to Calgary at the Corporation's request; and (b) the Corporation's retirement savings plan contributions on behalf of Mr. Payne.

(22) The grant date fair value of the RSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of RSUs held by Mr. Paslawski by the closing price of the Corporation's common shares on the grant date of such RSUs, being March 1, 2012 ($35.15).

(23) Attributable to: (a) a STIP award in the amount of $344,138; and (b) an entitlement under the CEO's Award Program in the amount of $30,000.

(24) Attributable to: (a) a STIP award in the amount of $330,000; and (b) an entitlement under the CEO's Award Program in the amount of $19,672.

(25) Attributable to: (a) a STIP award in the amount of $237,930; (b) an entitlement under the CEO's Award Program in the amount of $22,000; and (c) an employee recognition award in the amount of $3,289.

Narrative Discussion

A description of the STIP is provided above under the heading "Compensation Discussion and Analysis – Short-Term Incentive Plan" and a description of the Corporation's stock option plan is provided below under the heading "Stock Option Plan".

On October 15, 2004, the Corporation established a PSU Plan for permanent employees. The PSU Plan provides that the board of directors may grant performance share units ("PSUs") to permanent employees of the Corporation and its designated affiliates. The vesting of PSUs for each of the Chief Executive Officer and the President and Chief Operating Officer is dependent upon the performance of such individual for the previous year. On an annual basis, the Compensation Committee evaluates the Chief Executive Officer's performance based on criteria relating to, amongst other things, leadership, management, working with the board of directors and financial management. Based on such review, the Compensation Committee makes a recommendation to the board of directors with respect to the vesting of the Chief Executive Officer's PSUs. Similarly, the Chief Executive Officer evaluates the President and Chief Operating Officer's performance annually based on criteria relating to leadership, management, working with the executive team and financial management, and the Chief Executive Officer makes a recommendation to the Compensation Committee with respect to the vesting of the President and Chief Operating Officer's PSUs.

Each PSU represents the right to receive a cash payment equal to the market price of the common shares on the TSX at the time of exercise (the "Market Price"), which time will be determined by the holder of the PSUs, subject to certain conditions. The Corporation has the option of instructing an independent broker to acquire common shares on the open market on behalf of the participant equal to the number obtained by dividing the amount of cash otherwise payable, after deducting statutory withholdings, by the Market Price. The PSUs expire at a date determined by the board, and if a participant ceases to be an employee of the Corporation or a designated affiliate for any reason, that participant's unvested PSUs shall terminate and be forfeited immediately and the participant may redeem any vested PSUs until the earlier of: (i) 90 days from the date of termination of employment (180 days in the case of termination by reason of death or permanent disability); or (ii) the expiry date set forth in the document granting the PSUs. Typically, PSUs are granted in late-February and vesting, if applicable, takes place approximately one year after the date of grant, after which the vested PSUs must be exercised by June 30th of such year. It is the current practice of the Corporation's board of directors, on the recommendations of the Compensation Committee, to provide an incentive to the Corporation's Chief Executive Officer and President and Chief Operating Officer through the grant of PSUs rather than stock options.

Effective December 7, 2011, the board of directors established the RSU Plan. The RSU Plan provides that the board may grant RSUs to certain designated officers or employees of the Corporation or its subsidiaries. Each RSU represents the right to receive, at the discretion of the Corporation, a payment of: (i) cash equal to the market value of the common shares on the TSX at the time of redemption (the "Market Value") less any applicable taxes and other source deductions required to be withheld; or (ii) common shares equal to the number obtained by dividing the amount of cash otherwise payable, less any applicable taxes and other source deductions required to be withheld, by the Market Value. Any common shares paid to participants will be acquired on the open market. The RSU Plan is structurally aligned with the interests of shareholders given that the value of the RSUs is determined by the market value of the common shares of the Corporation. RSUs terminate: (i) immediately if a participant ceases to be an officer or employee of the Corporation or a subsidiary of the Corporation for any reason other than death, permanent disability or retirement; or (ii) on the earlier of their expiration or 12 months after the date of death, permanent disability or retirement of a participant. Notwithstanding the foregoing, if a participant "retires" but then joins a competitor of the Corporation within 12 months of such "retirement", such participant's RSUs will terminate on the earlier of their expiration or 90 days after the participant joined the competitor. During such period, such participant's RSUs are redeemable only to the extent that such RSUs were redeemable as at the day prior to the day that the participant joined the competitor of the Corporation. Typically, RSUs are granted on March 1st and one-third of the RSUs vest on January 1st of each of the first, second and third calendar years following the year of grant.

The material terms of the Named Executive Officers' employment contracts are set forth below under the heading "Termination and Change of Control Benefits – Employment Agreements".

Incentive Plan Awards

Outstanding Share-based Awards and Option-based Awards

The following table sets forth, for each Named Executive Officer, all option-based and share-based awards outstanding at December 31, 2012.

	Option-based Awards				Share-based Awards		
Name	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options[1] ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested[2] ($)	Market or payout value of share-based awards not paid out or distributed ($)
Douglas R. Ramsay	-	-	-	-	25,000	626,250[3]	-
Fernando Aguilar	-	-	-	-	20,000	501,000[4]	-
Laura A. Cillis[5]	12,500	13.77	Nov. 16, 2013	141,000	1,200	30,060	-
	6,250	8.35	Dec. 31, 2013	104,375			
	15,000	20.74	Dec. 31, 2014	64,650			
	25,000	34.40	Dec. 31, 2015	-			
	20,000	28.03	Dec. 31, 2016	-			
F. Bruce Payne[6]	3,750	22.48	April 2, 2013	9,638	1,500	37,575	-
	15,000	9.68	April 30, 2013	230,550			
	7,500	8.35	Dec. 31, 2013	125,250			
	14,000	20.74	Dec. 31, 2014	60,340			
	25,000	34.40	Dec. 31, 2015	-			
	12,000	28.03	Dec. 31, 2016	-			
	3,000	32.48	March 11, 2017	-			
B. Mark Paslawski[7]	23,750	8.35	Dec. 31, 2013	396,625	1,800	45,090	-
	29,250	20.74	Dec. 31, 2014	126,068			
	25,000	34.40	Dec. 31, 2015	-			
	20,000	28.03	Dec. 31, 2016	-			

Notes:

(1) The value of unexercised in-the-money options has been calculated by subtracting the exercise price of such options from $25.05, being the closing price of the Corporation's common shares on the TSX on December 31, 2012 and multiplying the difference by the number of unexercised in-the-money options.

(2) The market or payout value of share-based awards that have not vested at December 31, 2012 is a theoretical expected value which was calculated by multiplying unvested PSUs or RSUs at December 31, 2012 by $25.05, which was the closing price of the Corporation's common shares on the TSX on December 31, 2012.

(3) Mr. Ramsay's PSUs that were granted on February 27, 2012 were exercised on March 26, 2013 for a cash payment of $666,500.

(4) Mr. Aguilar's PSUs that were granted on February 27, 2012 were exercised on March 26, 2013 for a cash payment of $533,200.

(5) The aggregate value that Ms. Cillis realized from exercising stock options during 2012 was $1,263,649.

(6) The aggregate value that Mr. Payne realized from exercising stock options during 2012 was $415,787.

(7) The aggregate value that Mr. Paslawski realized from exercising stock options during 2012 was $222,003.

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth, for each Named Executive Officer, the value vested or earned on all option-based awards, share-based awards, and non-equity incentive plan compensation during the financial year ended December 31, 2012.

Name	Option-based awards – Value vested during the year[1] ($)	Share-based awards – Value vested during the year[2][3] ($)	Non-equity incentive plan compensation – Value earned during the year[4] ($)
Douglas R. Ramsay	-	654,200[5]	560,880
Fernando Aguilar	-	654,200[6]	538,992
Laura A. Cillis	303,513	-	311,220
F. Bruce Payne	304,495	-	306,445
B. Mark Paslawski	245,038	-	374,138

Notes:

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

(2) The value vested during the year for share-based awards has been calculated by multiplying the number of PSUs vested during the year by $32.71, which was the weighted average trading price on the TSX of the Corporation's common shares for the five day trading period preceding the exercise date of March 9, 2012. Mr. Ramsay's PSUs which vested in 2012 were granted on February 28, 2011. Of Mr. Aguilar's PSUs which vested in 2012, 15,000 were granted on February 28, 2011 and 5,000 were granted on May 4, 2011.

(3) No RSUs vested during 2012.

(4) Amounts earned under the STIP (and any applicable entitlements under the CEO's Award Program) for services rendered during the year and disclosed in the Summary Compensation Table under the heading "Non-equity incentive plan compensation — Annual incentive plans".

(5) The 25,000 PSUs granted to Mr. Ramsay on February 27, 2012 in respect of the 2012 fiscal year vested on February 25, 2013 and Mr. Ramsay exercised such vested PSUs on March 26, 2013 and received a cash payment of $666,500 in accordance with the PSU Plan. The grant date fair value of these PSUs is disclosed in the Summary Compensation Table under the heading "Share-based awards" for 2012.

(6) The 20,000 PSUs granted to Mr. Aguilar on February 27, 2012 in respect of the 2012 fiscal year vested on February 25, 2013 and Mr. Aguilar exercised such vested PSUs on March 26, 2013 and received a cash payment of $533,200 in accordance with the PSU Plan. The grant date fair value of these PSUs is disclosed in the Summary Compensation Table under the heading "Share-based awards" for 2012.

Termination and Change of Control Benefits

Employment Agreements

Douglas R. Ramsay has an employment agreement with the Corporation which extends indefinitely, unless terminated by either party in accordance with the terms of the agreement. The Corporation is entitled to terminate the employment agreement and the employment of Mr. Ramsay at any time and for any reason upon written notice and the payment within 30 days of an amount equal to the sum of: (i) his base salary for the month immediately preceding the date of termination multiplied by 24; (ii) an amount equal to two times his average annual incentive bonus based on the last three years; (iii) the Corporation's costs of health and welfare benefit plans for the 24-month period preceding termination; (iv) an amount equal to two times the last annual taxable benefit for an automobile allocated to such individual; and (v) 6% of the individual's base salary up to the maximum contribution permitted in lieu of any pension or registered retirement savings plan contribution which the individual would have earned during a 24-month period. The Corporation is also entitled to terminate the employment agreement and the employment of Mr. Ramsay if he becomes permanently disabled, as defined in the employment agreement, upon payment of an amount equal to the sum of items (i) through (v) noted above. The employment agreement also provides that in the event of a change of control of the Corporation, Mr. Ramsay may, not less than 90 days and not more than 150 days following the date of such change of control, terminate his employment with the Corporation. In addition, the employment agreement provides that Mr. Ramsay shall have the right, but shall not be obligated, to terminate his employment and the employment agreement within 90 days following the occurrence of certain specified events which are deemed to amount to constructive dismissal. If Mr. Ramsay exercises his right to terminate his employment and the employment agreement as aforesaid, he is entitled to an amount equal to the sum of items (i) through (v) noted above. The PSU Plan provides that all unvested PSUs will immediately vest upon the occurrence of a change of control. If the employment of Mr. Ramsay is terminated for any reason, all of his unvested rights in respect of PSUs shall immediately expire and be of no further force and effect. The employment agreements of the remainder of the Corporation's executive officers, who are not founding shareholders of the Corporation, all contain "double-trigger" change of control provisions, as described in the following paragraph.

Each of Fernando Aguilar, Laura A. Cillis, F. Bruce Payne and B. Mark Paslawski has an employment agreement which extends indefinitely, unless terminated by either party in accordance with the terms of the agreement. These employment agreements provide that in the event of a change of control of the Corporation, if any of Messrs. Aguilar, Payne or Paslawski or Ms. Cillis are terminated within one year following such change of control, other than for just cause, such individual will be entitled to an amount equal to two times the sum of: (i) the individual's annual current base salary; (ii) an amount equal to the individual's average annual incentive bonus based on the last three years; (iii) the costs of health and welfare benefit plans for the 12-month period preceding termination; (iv) an amount equal to the last annual taxable benefit for an automobile allocated to such individual; and (v) 6% of the individual's base salary up to the maximum contribution permitted in lieu of any pension or registered retirement savings plan contribution which the individual would have earned during a 12-month period. These employment agreements also provide that each of Messrs. Aguilar, Payne and Paslawski and Ms. Cillis shall have the right, but shall not be obligated, to terminate his or her employment and the employment agreement within 90 days following the occurrence of certain specified events which are deemed to amount to constructive dismissal. If any of Messrs. Aguilar, Payne or Paslawski or Ms. Cillis exercise this right, or are terminated without cause by the Corporation in circumstances not relating to a change of control, as set out above, such officer is entitled to an amount equal to the sum of items (i) through (v) noted above.

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

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

The estimated incremental payment obligations of the Corporation related to the termination entitlements set forth above for each of the Named Executive Officers, assuming that the triggering event took place on December 31, 2012, are as follows:

Named Executive Officer	**Termination on Notice, Permanent Disability or Constructive Dismissal ($)**	**Termination of Employment on Change of Control ($)**
Douglas R. Ramsay	1,837,962	2,464,212

Named Executive Officer	**Termination without Cause or Constructive Dismissal ($)**	**Termination without Cause following Change of Control ($)**
Fernando Aguilar	800,821	2,102,641
Laura A. Cillis	582,952	1,364,989
F. Bruce Payne	581,858	1,401,107
B. Mark Paslawski	600,375	1,414,865

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

Directors' Compensation

Summary Compensation Table

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

Name	**Fees Earned[1] ($)**	**Share-based awards ($)**	**Option-based awards ($)**	**Non-equity incentive plan compensation ($)**	**Pension value ($)**	**All other compensation ($)**	**Total ($)**
Ronald P. Mathison	145,500	277,900[2][3]	-	-	-	-	423,400
Kevin R. Baker	35,000	138,950[2][3]	-	-	-	-	173,950

James S. Blair	41,500	138,950(2)(3)	-	-	-	-	180,450
Gregory S. Fletcher	52,000	138,950(2)(3)	-	-	-	-	190,950
Lorne A. Gartner	33,500	138,950(2)(3)	-	-	-	-	172,450
R.T. (Tim) Swinton	50,000	138,950(2)(3)	-	-	-	-	188,950

Notes:

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

(2) The grant date fair value of the DSUs comprising this share-based award is a theoretical expected value calculated at the date of grant by multiplying the number of DSUs granted to the applicable director by the closing price of the Corporation's common shares on the grant date of such DSUs, being February 27, 2012 ($27.79).

(3) Mr. Mathison's DSUs that were granted on February 27, 2012 were exercised on January 1, 2013 for a cash payment of $244,400, and the DSUs that were granted to the other members of the board of directors on February 27, 2012 were exercised on January 1, 2013 for a cash payment of $122,200.

Narrative Discussion

On an annual basis, management of the Corporation provides the board of directors with information regarding director compensation from a select peer group, which the board of directors utilizes in order to determine the compensation for the Corporation's directors. During 2012, each director other than Douglas R. Ramsay, the Corporation's Chief Executive Officer, was paid an annual retainer of $10,000. For each meeting of the board, a fee of $1,500 was paid to each director who attended in person, by telephone or by video-conference. For each meeting of a committee of the board (other than the Audit Committee), a fee of $1,500 was paid to each committee member who attended in person, by telephone or by video conference. For each meeting of the Audit Committee, a fee of $2,500 was paid to each committee member who attended in person, by telephone or by video-conference. The chair of the Audit Committee received an annual retainer of $20,000, the chairs of the Compensation Committee and the Health, Safety and Environment Committee each received an annual retainer of $15,000 and the chair of the Corporate Governance and Nominating Committee received an annual retainer of $10,000. All such payments are made to directors on a quarterly basis. The Chief Executive Officer did not receive any compensation for serving as a director.

Commencing July 1, 2004, the Chairman was entitled to a supplemental fee of $10,000 per month to compensate the Chairman for his time commitment and efforts on behalf of the Corporation in the development of the Corporation's strategic plan and in respect of his role in significant management decisions and the attendance at regular meetings of senior management of the Corporation. Commencing the third quarter of 2007, Mr. Mathison waived his entitlement to this fee in response to weakened industry conditions, which the board of directors reinstated effective November 1, 2008. Effective April 1, 2009, Mr. Mathison voluntarily reduced his supplemental fee by 20%, which voluntary reduction was terminated effective January 1, 2010.

Effective October 15, 2004, the board of directors established a deferred share unit plan (the "DSU Plan") for directors. The DSU Plan provides that the board may grant DSUs to certain designated non-management directors. Each DSU represents the right to receive a cash payment equal to the market price of the common shares on the TSX at the time of exercise (the "Market Price"), which time will be determined by the holder of the DSUs, subject to certain conditions. The DSU Plan is structurally aligned with the interests of shareholders given that the value of the DSUs is determined by the market price of the common shares of the Corporation. The Corporation has the option of instructing an independent broker to acquire common shares on the open market on behalf of the participant equal to the number obtained by dividing the amount of cash otherwise payable, after deducting statutory withholdings, by the Market Price. The DSUs expire at a date determined by the board, and if a participant ceases to be a director of the Corporation or a designated affiliate for any reason, that participant's unvested DSUs shall terminate and be forfeited and the participant may redeem any vested DSUs until the earlier of: (i) 90 days from the date the participant ceased to be a director (180 days in the case of cessation by reason of death or permanent disability); or (ii) the expiry date set forth in the document granting the DSUs. The Corporation's directors are not eligible to receive options under the Option Plan. Typically, DSUs are granted in late-February and vesting takes place in November of the year of grant, after which the vested DSUs must be exercised by January 31st of the year following the year of grant.

The following table further itemizes the compensation paid to each non-employee director during 2012.

Name	Board Retainer $	Committee Chair Fee $	Board Meeting Fee $	Committee Meeting Fee $	Total Fees Paid $	DSUs Granted #
Ronald P. Mathison	10,000	120,000[(1)]	7,500	8,000	145,500	10,000
Kevin R. Baker	10,000	10,000	7,500	7,500	35,000	5,000
James S. Blair	10,000	15,000	7,500	9,000	41,500	5,000
Gregory S. Fletcher	10,000	20,000	7,500	14,500	52,000	5,000
Lorne A. Gartner	10,000	-	7,500	16,000	33,500	5,000
R.T. (Tim) Swinton	10,000	15,000	7,500	17,500	50,000	5,000

Note:

(1) Committee Chair Fee for Mr. Mathison is his supplemental fee for acting as Chair, as described above.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth for each director, other than Douglas R. Ramsay, the Corporation's Chief Executive Officer, all option-based and share-based awards outstanding at December 31, 2012.

	Option-based Awards				Share-based Awards		
Name	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of share-based awards not paid out or distributed[(1)] ($)
Ronald P. Mathison	-	-	-	-	-	-	250,500
Kevin R. Baker	-	-	-	-	-	-	125,250
James S. Blair	-	-	-	-	-	-	125,250
Gregory S. Fletcher	-	-	-	-	-	-	125,250
Lorne A. Gartner	-	-	-	-	-	-	125,250
R.T. (Tim) Swinton	-	-	-	-	-	-	125,250

Note:

(1) The market value or payout value of share-based awards not paid out or distributed has been calculated by multiplying the vested and un-exercised DSUs at December 31, 2012 by $25.05, which was the closing price of the Corporation's common shares on the TSX on December 31, 2012. For detailed information regarding the exercise of such DSUs, see the notes to the table under the heading "Directors' Compensation — Summary Compensation Table".

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth for each director, other than Douglas R. Ramsay, the Corporation's Chief Executive Officer, the value vested or earned on all option-based awards, share-based awards, and non-equity incentive plan compensation during the year ended December 31, 2012.

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year(1) ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Ronald P. Mathison	-	233,600	-
Kevin R. Baker	-	116,800	-
James S. Blair	-	116,800	-
Gregory S. Fletcher	-	116,800	-
Lorne A. Gartner	-	116,800	-
R.T. (Tim) Swinton	-	116,800	-

Note:

(1) The value vested during the year for share-based awards for the directors has been calculated by multiplying the number of DSUs vested during the year by $23.36, which was the weighted average trading price on the TSX of the Corporation's common shares for the five day trading period preceding the vesting date of November 30, 2012. The DSUs which vested in 2012 were granted on February 27, 2012. For detailed information regarding the exercise of such DSUs, see the notes to the table under the heading "Directors' Compensation — Summary Compensation Table".

Stock Option Plan

The maximum number of common shares that may be issued at any time under the Option Plan is fixed at 10% of the number of issued and outstanding shares of the Corporation. The Option Plan provides that the board of directors may grant options to purchase common shares to officers, employees and consultants of the Corporation and its subsidiaries. In granting an option, the board must fix the number of common shares, exercise price, vesting provisions and expiry date (which shall be no later than ten years from the date of grant). The current practice of the board in granting options is to provide for options with a five year term that vest over a four-year period, commencing on the first anniversary date of the grant. The exercise price of a stock option shall be no less than the weighted average trading price of the common shares on the TSX for the five trading days immediately preceding the date of the grant of the option. The Option Plan prohibits the Corporation from providing financial assistance to a participant to pay the exercise price for any optioned shares. The Option Plan also provides for the acceleration of vesting of options upon the occurrence of any one of a number of specified events that constitute a change of control of the Corporation.

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

As at March 28, 2013, 3,082,237 options have been exercised since inception of the Option Plan in 2004, and 3,090,100 remain outstanding (both of which amounts represent approximately 6.8% of the currently outstanding common shares). An additional 1,459,918 options, representing 3.2% of the currently outstanding common shares, remain available for issuance. Options that expire during or within ten business days of a black-out period imposed by the Corporation are automatically extended to 5:00 p.m. on the tenth business day after the last day of such black-out period. The grant rate for options during 2012 was 1.6%, which figure was calculated by dividing the aggregate number of options granted during the year by the number of shares outstanding on January 1, 2012.

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

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

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

On June 15, 2011, the board approved certain amendments to the provisions of the Option Plan regarding the administration of the Option Plan and the procedure for exercise of options in order to permit Internet-based management and administration of the Option Plan. On September 20, 2011, the board approved an amendment to the Option Plan in order to provide that, in the event of death or permanent disability of a participant, such participant's options will continue to vest until the options terminate. On December 7, 2011, the board approved certain amendments to the Option Plan to clarify that, in the event that a participant is terminated without cause, such participant's options will not continue to vest during any notice period.

The Corporation received the approval of the TSX for all of the above-mentioned amendments. Shareholder approval was not obtained for such amendments because the amendments were administrative in nature and shareholder approval was not required under either the Option Plan or the TSX Company Manual.

At the annual general meeting of the Corporation held on May 12, 2008, shareholders approved an increase to the number of shares reserved for issuance under the Option Plan from 7.5% to 10% of the Corporation's issued and outstanding common shares. At the annual general meeting of the Corporation held on May 10, 2011, shareholders approved the unallocated options to purchase common shares of the Corporation under the Option Plan, as required every three years by the rules of the TSX.

Equity Compensation Plan Information as at December 31, 2012

Plan Category	Number of common shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of shares remaining available for future issuance under equity compensation plans (excluding outstanding options)
Equity compensation plans approved by shareholders	2,920,412	$25.67	1,581,652 [(1)]
Equity compensation plans not approved by shareholders	-	-	-
Total	2,920,412	$25.67	1,581,652

Note:

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

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

On November 12, 2010, the Corporation loaned Fernando Aguilar, the Corporation's President and Chief Operating Officer, $2,500,000 for the purpose of facilitating the purchase of common shares of the Corporation on the TSX. The loan is on a non-recourse basis and is secured by the 84,600 common shares acquired with the loan proceeds. It is for a term of five years and bears interest at the rate of 3.375% per annum, payable annually.

AGGREGATE INDEBTEDNESS ($)

Purpose	To the Corporation or its Subsidiaries	To Another Entity
Share Purchases	Corporation	-
Other	-	-

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

Name and Principal Position	Involvement of Corporation or Subsidiary	Largest Amount Outstanding During 2012 ($)	Amount Outstanding as at March 28, 2013	Financially Assisted Securities Purchases During 2012 (#)	Security for Indebtedness	Amount Forgiven During 2012 ($)
Fernando Aguilar, President, Chief Operating Officer	Corporation	$2,584,375	$2,532,505	-	84,600 common shares in capital of the Corporation	-

CORPORATE GOVERNANCE PRACTICES

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

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

Board of Directors

Independence

The board of directors has reviewed the status of each director and director nominee to determine whether such individuals are "independent" as defined in NI 58-101. This review included the completion of self-assessment questionnaires by each of such individuals and a detailed review of such questionnaires by the Corporation and its legal counsel. As a result of such review, and after consideration of all business, charitable, family and other relationships among the director nominees and the Corporation, the board has determined that each director nominee, other than Douglas R. Ramsay and Fernando Aguilar, the Chief Executive Officer of the Corporation and the President and Chief Operating Officer of the Corporation, respectively, is independent within the meaning of NI 58-101.

Board Meetings and Attendance Record

The board of directors generally meets four times a year and additionally during the year as the need arises. The frequency and length of meetings and the nature of agenda items depend upon the circumstances. Meetings are detailed and well attended, and are conducted in an atmosphere that encourages participation and independence. In order to promote candid discussion among the independent directors, an in-camera session is held at every board and committee meeting, from which Douglas R. Ramsay, currently the only non-independent director, and any management invitees in attendance are excused. Information regarding the number of board and committee meetings held in 2012 and the attendance at such meetings is provided under the heading "Business of the Meeting – Election of Directors".

Other Directorships

Information in respect of other directorships of reporting issuers held by director nominees is provided under the heading "Business of the Meeting – Election of Directors". Messrs. Mathison, Gartner and Aguilar serve together on the board of directors of Tesla Exploration Ltd. and Messrs. Mathison and Gartner serve together on the board of directors of Western Energy Services Corp. The Corporation has no public company board committee interlocks.

Chairman

The Chairman of the board, Ronald P. Mathison, is an independent director. Mr. Mathison's responsibilities as Chairman of the board include ensuring that the board of directors functions effectively and independently of management and that it meets its responsibilities as set out in its mandate.

Board Mandate

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

Position Descriptions

The board of directors has developed written position descriptions for the Chairman of the board of directors as well as the chair of each board committee. The board has also developed a written position description for the Chief Executive Officer.

Orientation and Continuing Education

All directors are provided with a director's manual, which includes a copy of all board and committee mandates and policies, the Corporation's by-laws, a reference manual of pertinent corporate information and other reference materials, and are introduced to senior management and the other directors. New directors are given a presentation on the Corporation and its position in the oilfield services sector by the Corporation's Chief Executive Officer. Although the Corporation does not have a formal continuing education program for its directors, all directors are afforded opportunities to supplement their knowledge of the technical and operating aspects of the Corporation's business through trips to the field and operating districts to witness the Corporation's operations firsthand and are provided direct exposure to the Corporation's management and operations personnel at technical presentations for the Corporation's clients and employee base held at the Corporation's head office and Technology and Training Center in Calgary. In 2012, Mr. Blair participated in site visits to the Corporation's district facilities in Medicine Hat, Alberta and Williston, North Dakota and Messrs. Blair, Gartner and Baker attended a fracturing and coiled tubing seminar hosted by the Corporation. In addition, the Corporation's board of directors and its committees participated in presentations and received educational information and/or materials on a variety of matters and topics during the year. For example:

- the Audit Committee received reports on new and emerging issues in its areas of responsibility including IFRS and internal controls;
- the Compensation Committee received an update on emerging trends in executive compensation from an external compensation advisor; and
- the Corporate Governance and Nominating Committee received updates with respect to corporate governance trends and current governance issues from the Corporation's internal and external legal advisors.

The nominees for election as directors of the Corporation include individuals with significant experience as directors of public and private corporations who understand the role of a board of directors and its committees, as well as the contributions that individual directors are expected to make. Notwithstanding this experience, the Corporation supports the continuing education of its directors through attendance at relevant external education programs and seminars which may be deemed by any of the directors as being beneficial for the maintenance or enhancement of their skills and abilities. In 2012, the directors participated in the following continuing education activities with external parties, among others:

- Mr. Mathison attended three seminars sponsored by the Canadian Counsel of Chief Executives, the Peters & Co. North American Oil and Gas Conference and the Global Business Forum;
- Mr. Ramsay attended the Peters & Co. North American Oil and Gas Conference, the Spruce Meadows Changing Fortunes Conference and the Barclays Capital CEO Conference; and
- Mr. Fletcher attended seven courses sponsored by the Institute of Corporate Directors to complement the Director Education Program developed by the Institute of Corporate Directors and the Rotman School of Management that he completed in 2009 through the Haskayne School of Business.

The orientation and education process is reviewed on an annual basis and will be revised as circumstances warrant.

Ethical Business Conduct

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

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

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

Nomination of Directors

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

Skills and Experience Description	Number of Nominees with such Skills and Experience
Business – experience in either the oil and gas services industry or oil and gas exploration and production sectors.	8
Board – executive experience as a board/committee member of a public company other than the Corporation; familiarity with corporate governance best practices.	7
International – business experience in countries where the Corporation is or may become and/or experience with different cultures, political regimes and regulatory requirements.	8
Operational – experience in a managerial/officer role of a company operating in the oil and gas services industry or oil and gas exploration and production sectors.	6
Financial – executive experience in public financial accounting and reporting; corporate finance including debt and equity and capital markets; and familiarity with internal financial controls and procedures.	8
Legal – experience as a legal practitioner.	1
Compensation – executive experience or board compensation committee participation with an understanding of executive compensation programs, incentives and perquisites; succession planning, talent development and retention.	8
Strategic Growth – executive experience in strategic insight, innovation and business development, including the assessment of key trends and industry fundamentals to continually challenge the Corporation in expanding its vision and growth.	8

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

- consider the membership needs of the board and its committees and make recommendations with a view to fulfilling such needs;
- review the composition of the board and its committees and make recommendations to the board designed to ensure that appropriate numbers of directors sit on the board and its committees and that the directors collectively have the competencies and skills that the board considers to be necessary for the board as a whole to possess;
- following consultation with the Chairman of the board, identify, evaluate and make recommendations to the board regarding appropriate committees of the board to be established, the charter for each committee, and the chair of each committee; and
- review and assist, where appropriate, in management succession planning and professional development planning for the officers of the Corporation.

Compensation

The Compensation Committee, and the board of directors upon receiving the recommendations of the Compensation Committee, is responsible for reviewing the overall compensation strategy of the Corporation.

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

- review annually and recommend for approval to the board of directors the compensation policies and guidelines for the Corporation, together with the Corporation's corporate goals and objectives relevant to compensation;
- review annually and report to the board of directors on any risk implications associated with the Corporation's compensation policies and practices;
- review annually and recommend for approval to the board of directors the salaries and compensation of the Corporation's officers;
- conduct annually and report to the board of directors the results of performance appraisals of the Chief Executive Officer and other officers as appropriate;
- review and recommend for approval to the board of directors grants of stock options or other equity-based compensation;
- review annually the Corporation's employee incentive plans, benefit plans and bonus plans, and review and recommend for approval to the board of directors any amendments thereto;
- review management's reports to the Compensation Committee on human resource issues;
- review annually and recommend for approval to the board of directors the executive compensation disclosure of the Corporation in its management information circular;
- review annually and recommend for approval to the board of directors the compensation arrangements for the directors of the Corporation, the Chairman of the board of directors and the chair and members of each committee of the board of directors;

- review and approve any management contracts, change of control agreements, indemnity agreements and significant consulting contracts; and
- review and approve any requests by management to engage a compensation consultant to provide services related to executive or board compensation matters.

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

Board Committees

The Corporation's board of directors has four standing committees: the Audit Committee, the Corporate Governance and Nominating Committee, the Compensation Committee and the Health, Safety and Environment Committee. Details in respect of the Corporate Governance and Nominating Committee and the Compensation Committee are provided above. The information about the Audit Committee required by National Instrument 52-110 – *Audit Committees* is disclosed in the Corporation's annual information form and a copy of the Audit Committee mandate is attached as Appendix A to the Corporation's annual information form filed on SEDAR at www.sedar.com.

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

Assessments

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

FEEDBACK FROM STAKEHOLDERS

The board of directors has assigned to the Chairman of the board, the Chief Executive Officer, and the chair of the Corporate Governance and Nominating Committee the responsibility for bringing to the attention of the board any feedback received by them from shareholders and other stakeholders of the Corporation. Shareholders and other stakeholders may provide such feedback by email to Ronald P. Mathison, the Chairman of the board, at rmathison@matcocap.com, to Douglas R. Ramsay, the Chief Executive Officer, at dramsay@calfrac.com, and to Kevin R. Baker, Q.C., the chair of the Corporate Governance and Nominating Committee, at kbaker@baycorcapital.com.

ADDITIONAL INFORMATION

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

Information regarding the business of the Corporation is provided in the Corporation's current annual information form. Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the year ended December 31, 2012. Shareholders may obtain copies of these documents and the Corporation's interim financial statements and additional copies of this Circular without charge by contacting the Corporate Secretary of the Corporation at 411 – 8th Avenue S.W., Calgary, Alberta, T2P 1E3 (phone: 403-266-6000; fax: 403-266-7381).

DATED March 28, 2013.

APPENDIX A

BOARD OF DIRECTORS MANDATE

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

Composition and Operation

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

Responsibilities

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

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

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

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

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

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

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

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

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

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

Specific Duties

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

1. Legal Requirements

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

(b) The Board has the statutory obligation to

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

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

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

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

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

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

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

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

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

(iv) declare dividends,

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

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

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

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

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

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

2. *Independence*

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

3. *Strategic Planning*

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

4. *Risk Management*

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

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

The Board is responsible for

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

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

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

6. *Reporting and Communication*

The Board is responsible for

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

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

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

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

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

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

7. *Monitoring and Acting*

The Board is responsible for

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

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

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

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

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

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

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

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

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

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

8. *Other*

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

Reviewed and approved on February 25, 2013.