

[Redacted Version]

COMMITMENT LETTER

July 13, 2020

PRIVATE & CONFIDENTIAL

Calfrac Well Services Ltd.
411 - 8 Avenue SW
Calgary, Alberta T2P 1E3

Dear Sirs/Mesdames:

Calfrac Well Services Ltd. ("**Calfrac**" or the "**Company**") has advised (i) G2S2 Capital Inc. ("**G2S2**"), or an affiliate thereof, (ii) MATCO Investments Ltd. ("**MATCO**"), and (iii) the institutions in the ad hoc committee of Senior Unsecured Noteholders represented by Goodmans LLP who have signed this Commitment Letter on the date hereof (collectively, the "**Initial Commitment Parties**", and together with each Additional Commitment Party (as defined below), the "**Commitment Parties**" and each, a "**Commitment Party**") that the Company intends to effect a recapitalization transaction (the "**Recapitalization Transaction**") involving the 8.50% senior unsecured notes (the "**Senior Unsecured Notes**") issued by Calfrac Holdings LP pursuant to the indenture dated May 30, 2018 among Calfrac Holdings LP, as issuer, the Company and Calfrac Well Services Corp., as initial guarantors, and Wells Fargo Bank, National Association, as trustee (the "**Senior Unsecured Notes Indenture**").

The Recapitalization Transaction shall occur pursuant to a plan of arrangement (the "**CBCA Plan**"), which shall be implemented pursuant to proceedings ("**CBCA Proceedings**") under the *Canada Business Corporations Act* (the "**CBCA**"), and pursuant to which, among other things, the holders of the Senior Unsecured Notes (the "**Senior Unsecured Noteholders**") would receive their pro rata share of new common shares in the capital of the Company (the "**New Common Shares**"), as further described in the term sheet (as the same may be amended or restated and in effect from time to time, the "**Recapitalization Term Sheet**") attached hereto as Schedule "J", which shall be identical in form to the term sheet attached to one or more executed support agreements entered into as of the date hereof between the Company and certain Senior Unsecured Noteholders (the "**Support Agreement**").

Conditional on and concurrent with the implementation of the CBCA Plan, the Company intends to carry out a private placement (the "**Offering**") of new 10% PIK interest convertible senior secured 1.5 lien notes (the "**New 1.5 Lien Notes**") for aggregate proceeds in the amount of \$60 million (the "**New Investment**").

This commitment letter agreement (together with all schedules hereto (including, without limitation, the term sheet attached hereto as Schedule "I" (the "**New 1.5 Lien Term Sheet**"), the "**Commitment Letter**") will confirm the understanding and agreement among the Commitment Parties and the Company with respect to the proposed issuance by the Company (or an affiliate thereof) of the New 1.5 Lien Notes under the New Investment.

In connection with the Recapitalization Transaction and the Offering, the Company has requested that each Commitment Party evidence its respective commitment, severally (and not jointly, or jointly and severally), to (i) purchase its respective Commitment Pro Rata Share of the Initial Commitment Amount of the New 1.5 Lien Notes and (ii) purchase, without duplication, its respective Commitment Pro Rata Share of the Shortfall Notes.

Calfrac and the Commitment Parties are collectively referred to as the "**Parties**" and each (including each Commitment Party, individually) is a "**Party**".

1. Definitions

In this Commitment Letter, capitalized terms used but not otherwise defined herein have the meanings ascribed thereto in Schedule "A".

2. Commitments

Based on the foregoing:

- (a) each Commitment Party is pleased to confirm by this Commitment Letter its several (and not joint, or joint and several) commitment to the Company to purchase its respective Commitment Pro Rata Share of the Initial Commitment Amount of the New 1.5 Lien Notes (with respect to each Commitment Party, the "**Direct Commitment**"); and
- (b) (i) each Commitment Party (other than G2S2 and MATCO) is pleased to confirm by this Commitment Letter its several (and not joint, or joint and several) commitment to the Company to purchase its respective Commitment Pro Rata Share of Shortfall Notes; and (ii) G2S2 is pleased to confirm by this Commitment Letter its commitment to the Company to purchase the remaining Shortfall Notes (as applicable, the "**Shortfall Commitment**", and collectively with the Direct Commitment, the "**Commitment**"),

in each case upon and subject to the terms and conditions set forth or referred to in this Commitment Letter (including, without limitation, the New 1.5 Lien Term Sheet) and to be set forth or referred to in the Offering Documentation. On or before the funding date to be agreed by the Company and the Majority Commitment Parties that is not more than three (3) Business Days prior to the Effective Date (the "**Funding Date**"), each Commitment Party shall deposit the aggregate cash purchase price for its respective Commitment into escrow with its respective counsel or as may otherwise be agreed by the Company and the Majority Commitment Parties, each acting reasonably.

The rights and obligations of each of the Commitment Parties under this Commitment Letter shall be several (and not joint or joint and several), and no failure by any Commitment Party to comply with any of its obligations under this Commitment Letter shall obligate any other Commitment Party to perform any obligations of the failing Commitment Party nor prejudice the rights of any other Commitment Party; and provided each such Commitment Party shall only be responsible for its specific Commitment as set out herein or in a Joinder Agreement, if applicable.

Each Commitment Party, in its sole discretion, may designate that some or all of the New 1.5 Lien Notes it is to receive in connection with the Recapitalization Transaction be issued in the name of and delivered to one or more of its affiliates, subject to applicable securities laws.

3. Conditions; Covenants

The commitments and agreements of each Commitment Party hereunder, including the commitments and agreements of each Commitment Party to effect purchases in respect of its respective Commitment, are subject to: (a) the representations and warranties of the Company set out in Schedule "C" and in the New 1.5 Lien Note Documents being true and correct in all material respects as of the Effective Time with the same force and effect as if made at and as of such date, except (i) that representations and warranties that are given as of a specified date shall be true and correct in all material respects as of such date and (ii) as such representations and warranties may be affected by the occurrence of events or transactions contemplated and permitted by this Commitment Letter; (b) the performance and compliance in all material respects by the Company with its covenants contained herein and in the covenants attached hereto as

Schedule "D" and in the New 1.5 Lien Notes Documents, (c) the satisfaction, or written waiver by the Majority Commitment Parties, of all additional conditions and conditions precedent specified in Schedule "E" attached hereto and the New 1.5 Lien Notes Documents, and (d) the Support Agreement between the Company and the respective Commitment Party having not been terminated and remaining in full force and effect.

The Company hereby agrees with each of the Commitment Parties as set forth in Schedule "D" hereto.

4. Fees and Expenses

In consideration of the execution and delivery of this Commitment Letter by each Commitment Party:

- (a) if the Recapitalization Transaction is effected substantially in accordance with the terms and conditions of this Commitment Letter, the Support Agreement and the Recapitalization Term Sheet, the Company shall allocate and issue to each Commitment Party (provided that such Commitment Party has not breached this Commitment Letter or defaulted hereunder) its pro rata share (based on the amount of its Shortfall Commitment) of that number of common shares in the capital of the Company equal to \$1.5 million divided by the Conversion Price (as defined in the New 1.5 Lien Notes Term Sheet) applicable to the New 1.5 Lien Notes (the "**Backstop Shares**"), to be issued pursuant to the CBCA Plan (for greater certainty, without any further payment by such Commitment Parties in cash or otherwise of any subscription price); and
- (b) if this Commitment Letter is terminated as a result of the Company entering into a written binding agreement, or publicly announcing its intention, to pursue a Superior Proposal, the Company, along with each of its affiliates who have signed this Commitment Letter as a guarantor of the Company's obligations under this Section 4(b), agrees to pay (or cause the third party making such Superior Proposal to pay) to each Commitment Party (provided that such Commitment Party has not breached this Commitment Letter or defaulted hereunder) (i) a fee in an amount equal to \$5,000,000 multiplied by such Commitment Party's Commitment Pro Rata Share (such fee, the "**Break Fee**"), and (ii) the reasonable and documented fees, costs and expenses of the Commitment Party in connection with the transactions contemplated by this Commitment Letter. The Break Fee and such fees and expenses shall be fully earned on the date hereof and the Company or its affiliates shall pay (or cause such Break Fee and such fees and expenses to be paid) within one Business Day of the termination of this Commitment and upon the Company entering into or announcement of a Superior Proposal, as applicable. The Break Fee, once paid, shall be non-refundable, without setoff or recoupment and shall not be subject to defense or offset on account of any claim, defense or counterclaim. By their signature to this Commitment Letter, the Company's affiliates hereby confirm their agreement to unconditionally guarantee the obligations of the Company pursuant to this Section 4(b).

5. Representations and Warranties of the Company

The Company hereby represents and warrants to each of the Commitment Parties as set forth in Schedule "C" (and the Company acknowledges that each Commitment Party is relying upon such representations and warranties) in making its respective Commitment.

6. Representations and Warrants of the Commitment Parties

Each Commitment Party hereby represents and warrants, severally (and not jointly, or jointly and severally) to the Company (and acknowledges that the Company is relying upon such representations and warranties) that:

- (a) this Commitment Letter has been duly authorized, executed and delivered by it, and, assuming the due authorization, execution and delivery by the other Parties, this Commitment Letter constitutes the legal, valid and binding obligation of such Commitment Party, enforceable in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity;
- (b) it is duly organized, validly existing and, where such concept is applicable, in good standing, under the laws of the jurisdiction of its organization and has all necessary power and authority to execute and deliver this Commitment Letter and to perform its obligations hereunder;
- (c) the execution and delivery of this Commitment Letter by it and the completion by it of the transactions contemplated herein do not and will not, to the knowledge of the officers, directors and/or partners of such Commitment Party who have had primary responsibility in working on the Recapitalization Transaction (the "**Relevant Personnel**"), violate or conflict with any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to such Commitment Party or any of its properties or assets or result (with or without notice or the passage of time) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under its certificate of incorporation, articles, bylaws or other constating documents that would in any manner restrict the ability of such Commitment Party to comply with its obligations under this Commitment Letter;
- (d) to the knowledge of the Relevant Personnel, after reasonable enquiry, there is no proceeding, claim or investigation pending before any Governmental Entity, or threatened against such Commitment Party or any of its properties that, individually or in the aggregate, could reasonably be expected to have an adverse effect on such Commitment Party's ability to execute and deliver this Commitment Letter and to consummate the Recapitalization Transaction;
- (e) it: (i) is a sophisticated party with sufficient knowledge and experience to properly evaluate the terms and conditions of this Commitment Letter; (ii) has conducted its own analysis and made its own decision, in the exercise of its independent judgment, to enter into this Commitment Letter; (iii) has or has not obtained such independent advice in this regard as it deemed appropriate; and (iv) has not relied on the analysis or the decision of any Person other than its own members, employees, representatives or independent advisors;
- (f) if such Commitment Party is located in a Canadian jurisdiction, it (i) is (A) an "accredited investor", as such term is defined in NI 45-106 if such Commitment Party is in a Canadian jurisdiction other than Ontario, or (B) an accredited investor within the meaning of subsection 73.3(1) of the *Securities Act* (Ontario) if such Commitment Party is in Ontario; (ii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106; and (iii) is not an individual described in paragraphs (j), (k) or (l) of the definition of "accredited investor" in NI 45-106;

- (g) if the Laws of the United States are applicable to such Commitment Party, it is an accredited investor or qualified institutional buyer within the meaning of the rules of the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, and the regulations promulgated thereunder, including Rule 501 of Regulation D and Rule 144A;
- (h) it is resident in the jurisdiction indicated on its signature page to this Commitment Letter; and
- (i) it has, and on the Funding Date will have, regardless of the number of New 1.5 Lien Notes that are purchased pursuant to the Offering, the financial ability and sufficient funds to make and complete the payment for all of the New 1.5 Lien Notes that it has committed to purchase pursuant to its Commitment and the availability of such funds will not be subject to the consent, approval or authorization of any Person or the availability of any financing.

7. Indemnification

The Company hereby agrees to indemnify and hold harmless each Commitment Party and each of its respective affiliates and managed funds and accounts and each of their respective officers, directors, partners, trustees, employees, shareholders, advisors, agents, representatives, attorneys and controlling persons, and each of their respective heirs, successors and assigns (each, an "**Indemnified Person**") from and against any and all losses, claims, damages and liabilities to which any Indemnified Person may become subject in any way arising out of or in connection with this Commitment Letter, the Recapitalization Transaction, the Offering, any of the other transactions contemplated by this Commitment Letter, any other matter or transaction related to any of the foregoing or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any Indemnified Person is a party thereto and whether or not the transactions contemplated hereby are consummated, and to reimburse each Indemnified Person promptly upon demand for all documented legal and other costs and expenses reasonably incurred by it in connection with investigating, preparing to defend or defending, or providing evidence in or preparing to serve or serving as a witness with respect to, any threatened or actual lawsuit, investigation, claim or other proceeding relating to any of the foregoing (including, without limitation, in connection with the enforcement of the indemnification obligations set forth herein); provided that no Indemnified Person will be entitled to indemnity hereunder in respect of any loss, claim, damage, liability or expense to the extent that it is found by a final, non-appealable judgment of a court of competent jurisdiction that such loss, claim, damage, liability or expense resulted from the gross negligence, fraud or wilful misconduct of such Indemnified Person, and provided in each case that such Commitment Party is in material compliance with all of its commitments and obligations under or in respect of this Commitment Letter.

The terms set forth in this Section 7 shall survive termination of this Commitment Letter and shall remain in full force and effect indefinitely regardless of whether the Recapitalization Transaction is consummated. The remedies provided for in this Section 7 are not exclusive and shall not limit any rights or remedies that may otherwise be available to the Commitment Parties or any other Indemnified Person at law or in equity.

8. Expiration of Commitments

Each Commitment Party hereby agrees to hold its Commitment available for the Company until, and this Commitment Letter shall (subject to Section 11) terminate on, the earliest of (i) the Effective Date, (ii) the termination of this Commitment Letter upon the occurrence of any of the termination events as set forth in this Commitment Letter, and (iii) October 31, 2020 or such other date as may be agreed by the Company and the Initial Commitment Parties (the "**Outside Date**"), which shall be extended under the circumstances described in section 8(a)(v) of the Support Agreement.

A Commitment Party shall have the right to terminate this Commitment Letter in respect of itself, whereupon such Commitment Party shall be released from its Commitment and other obligations hereunder, in the event that the Support Agreement between such Commitment Party and the Company is terminated or otherwise ceases to be in full force and effect.

Additionally, if the Company enters into a written agreement, or publicly announces its intention, to pursue a Superior Proposal in accordance with the Support Agreement, the Company may terminate this Commitment Letter, provided that in such event the Company shall pay the Break Fee and such other amounts in accordance with Section 4.

9. Confidentiality

Calfrac agrees, on its own behalf and on behalf of the Calfrac Entities and its and their Representatives, to maintain the terms of this Commitment Letter in confidence, including the confidentiality of the identity, specific holdings and Commitment Pro Rata Share of each Commitment Party; provided, however, that such information may be disclosed: (a) to the Representatives of any Calfrac Entity provided that each such Representative (i) needs to know such information for purposes of such Representative's involvement in the Recapitalization Transaction, (ii) is informed of this confidentiality provision and the confidential nature of such information, and (iii) agrees to act in accordance with the terms of this confidentiality provision and Calfrac hereby agrees to be liable for any losses, claims, damages and liabilities of any Commitment Party resulting from any breach of this confidentiality provision by any such Representative; (b) to Persons in response to, and to the extent required by, (i) any subpoena, or other legal process, including, without limitation, by the Court or applicable rules, regulations or procedures of the Court, (ii) any Governmental Entity legally entitled to same, or (iii) applicable Law; provided that, if any Calfrac Entity or any of their respective Representatives is required to disclose the identity, specific holdings or Commitment Pro Rata Share of a Commitment Party in the manner set out in the preceding sentence, Calfrac shall provide such Commitment Party with prompt written notice of any such requirement so that the Commitment Party may (at the Company's expense) seek a protective order or other appropriate remedy or waiver of compliance with the provisions of this Commitment Letter; and provided further, however, that such Commitment Party agrees, (c) to the existence and factual details of this Commitment Letter (other than the identity, specific holdings and Commitment Pro Rata Share of the Commitment Party) being set out in any public disclosure, including, without limitation, press releases and court materials, produced by Calfrac in connection with the Recapitalization Transaction and in accordance with this Commitment Letter; and (d) to this Commitment Letter being filed and/or available for inspection by the public to the extent required by Law, provided that the identity, specific holdings and Commitment Pro Rata Share of the Commitment Parties are redacted or otherwise not disclosed, and in any case in accordance with this Commitment Letter or as may be required by applicable Law or court order.

Notwithstanding the provisions of this Section 9 or elsewhere in this Commitment Letter, Calfrac may disclose the identity of a Commitment Party in any action to enforce this Commitment Letter against such Commitment Party, and Calfrac may disclose, to the extent consented to in writing by a Commitment Party (or by such Commitment Party's duly authorized advisor), a Commitment Party's identity and holdings.

All press releases or other public disclosure concerning the Recapitalization Transaction shall be in form and substance satisfactory to Calfrac and the Majority Commitment Parties, each acting reasonably; provided that, nothing herein shall prevent a Party from making disclosure in response to, and to the extent required by applicable Law; provided, however, that the disclosing Party shall provide the other Parties with a copy of such disclosure in advance of any release and an opportunity to consult as to the contents and to provide comments thereon.

Subject to the foregoing, the Commitment Parties agree to the existence and factual details of this Commitment Letter (but not the identities, holdings or Commitment Pro Rata Share of the Commitment Parties) being set out in any public disclosure made by the Company, including, without limitation, press releases and court materials, and to the filing of this Commitment Letter on SEDAR (as defined in the Support Agreement) and with the Court in connection with the CBCA Proceedings.

10. Assignment; Additional Commitment Parties

- (a) The Company may not sell, transfer, negotiate or assign its rights and obligations (in whole or in part) under this Commitment Letter.
- (b) Each Commitment Party may sell, transfer, negotiate or assign its rights and obligations (in whole or in part) under this Commitment Letter and the Commitment of such Commitment Party:
 - (i) to another Commitment Party;
 - (ii) to any affiliate of the particular Commitment Party, provided that the original Commitment Party shall continue to be liable for any failure of its affiliate to fund the original Commitment Party's Commitments hereunder, or
 - (iii) to any other Person (in each case, such new Commitment Party, an "**Additional Commitment Party**"), but only: (A) if such proposed Additional Commitment Party has first executed a written joinder to this Commitment Letter in a form reasonably consistent with the form attached hereto as Schedule "G" (a "**Joinder Agreement**"); (B) to the extent such proposed Additional Commitment Party is a Senior Unsecured Noteholder, it is also a party to the Support Agreement (including by executing a joinder to the Support Agreement); and (C) if the Company (acting reasonably) has confirmed in writing prior to any such sale, transfer, negotiation or assignment that it is satisfied with the ability of the proposed Additional Commitment Party to fund the assigned Commitments hereunder;

provided further, that under no circumstances may any Commitment Party sell, transfer, negotiate or assign its rights and obligations under this Commitment Letter to any Person specifically designated in writing by the Company, in its reasonable business judgment, as a Person engaged in a business in competition with the Company, or any affiliate, partner, member, manager, owner or principal of any such competitor, without the prior written consent of the Company.

- (c) Prior to July 31, 2020, the Company shall have the ability to reallocate up to 13.41% of the aggregate Commitment Pro Rata Share (the "**Reallocated Pro Rata Share**") of the Initial Commitment Parties hereunder, being \$6,036,720 of the Direct Commitment Amount, to Senior Unsecured Noteholders who are authorized under applicable securities laws to participate in the Offering and who comply with Sections 10(b)(iii)(A) and (B) above (the "**Additional Allocated Parties**"), and who shall then become a Commitment Party hereunder, provided that, for greater certainty, the Additional Allocated Parties shall not constitute Initial Commitment Parties for purposes of this Commitment Letter (including, without limitation, the Term Sheet). In the event of any such reallocation, the Commitment Pro Rata Share of each Initial Commitment Party shall be reduced by an amount equal to

the Reallocated Pro Rata Share multiplied by such Initial Commitment Party's Commitment Pro Rata Share as at the date of this Commitment Letter.

- (d) Concurrently with any assignment by a Commitment Party of its Commitment under this Commitment Letter, whether pursuant to Section 10(b) or 10(c), the Parties shall update Schedule "B" to reflect the new Commitment Pro Rata Share of each Commitment Party.
- (e) The Other New 1.5 Lien Notes shall be made available by the Company to the Other Eligible Noteholders on a pro rata basis based on their holdings of Senior Unsecured Notes as at the record date determined pursuant to Court order in the CBCA Proceedings, in a manner to be agreed upon by the Company and the Initial Commitment Parties, each acting reasonably, and in compliance with applicable securities laws, provided that only those Other Eligible Noteholders who would be entitled to receive New 1.5 Lien Notes with a principal amount of not less than \$50,000 in accordance with this Section 10(e) shall be eligible to participate.
- (f) If the obligations of any Commitment Party are terminated or if any Commitment Party otherwise fails to fund its Commitment as required pursuant to this Commitment Letter (a "**Non-Funding Commitment Party**"), each Initial Commitment Party shall have the right, but not the obligation, to increase its Commitment Pro Rata Share by an amount equal to the Commitment Pro Rata Share of such Non-Funding Commitment Party multiplied by such electing Initial Commitment Party's Pro Rata Share as at the date of this Commitment Letter.

11. Survival

The provisions of Sections 4, 7, 9, 11 and 12 hereof will survive the expiration or termination of the Commitments or this Commitment Letter (including any extensions) and the consummation of the transactions contemplated hereby.

12. Withholding

All amounts payable hereunder by the Company will be made without withholding or deduction of any taxes imposed by any Specified Tax Jurisdiction unless such withholding or deduction is required by law, in which case the Company will be obligated to pay such additional amounts as may be necessary so that the net amount received by the Commitment Party after such withholding or deduction will not be less than the amount that would have been received in the absence of such withholding or deduction. A payment of additional amounts as aforesaid shall not be required under this paragraph by reason of any withholding or deduction required to be made on account of tax imposed by Canada, if such tax was imposed by reason of the Commitment Party not dealing at arm's length with the Company for purposes of the *Income Tax Act* (Canada).

The Company will also be liable for and pay any stamp, excise or other duties, charges, assessments and taxes whatsoever imposed by any Specified Tax Jurisdiction.

13. Miscellaneous

- (a) The agreements, representations and obligations of the Commitment Parties under this Commitment Letter are, in all respects, several (and not joint, or joint and several).

- (b) The Company acknowledges that the transactions contemplated by this Commitment Letter are arms'-length commercial transactions and that each Commitment Party is acting as principal and in its own best interests. The Company is relying on its own experts and advisors to determine whether the transactions contemplated by this Commitment Letter are in the Company's best interests. The Company and each Commitment Party agrees that each Commitment Party will act under this Commitment Letter as an independent contractor, that the Commitment Parties are not joint actors, and that nothing in this Commitment Letter or the Offering Documentation, the nature of the Commitment Parties' services, or in any prior relationship will be deemed to create an advisory, fiduciary, agency or joint actor relationship between or among any Commitment Parties, or between any Commitment Party on the one hand and the Company, its affiliates or shareholders on the other hand.
- (c) Nothing in this Commitment Letter shall amend, modify, impair or condition the terms of the Support Agreement between a Commitment Party and the Company Entities. In the event that the representations and warranties, covenants, conditions, termination rights or other terms of the Support Agreement differ from those set forth in this Commitment Letter, the Commitment Party and the Company Entities shall have the benefit of the respective provisions of both the Support Agreement and the Commitment Letter (to the extent such Party is a party to the Support Agreement).
- (d) The headings of the Sections of this Commitment Letter have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.
- (e) Unless the context otherwise requires, words importing the singular shall include the plural and vice versa, words importing any gender shall include all genders, and the words "including", "include" or "includes" shall in each case be deemed not to be limited by the words that follow.
- (f) Unless otherwise specifically indicated, all sums of money referred to in this Commitment Letter are expressed in lawful money of Canada.
- (g) This Commitment Letter (including the New 1.5 Lien Notes Term Sheet attached hereto) and any Joinder Agreement set forth the entire understanding of the Parties hereto as to the scope of the Commitments and the obligations of the Commitment Parties hereunder. This Commitment Letter supersedes all prior understandings and proposals, whether written or oral, between the Commitment Parties and the Company relating to the Commitment Parties' purchase of the New 1.5 Lien Notes.
- (h) This Commitment Letter may not be modified, amended or supplemented except by an instrument in writing signed by each of the Company and the Initial Commitment Parties; provided that the consent of each Commitment Party affected thereby shall be required to (a) increase or decrease the Commitment of such Commitment Party, (b) amend or modify indemnities, or fees or expense recoveries (including the Break Fee) owing by the Company to such Commitment Party or its other Indemnified Persons, (c) extend the time period that a Commitment Party must hold its Commitments available pursuant to Section 8, or (d) amend Sections 4, 7, 9, 11, 12 or this Section 13(h). Except for such provisions in (a) to (d) immediately above, at any time prior to the termination of this Commitment Letter, each of the Company and the Majority Commitment Parties may waive compliance with any of the agreements of the other Parties or with any conditions to its or their own

obligations, in each case only to the extent such obligations, agreements or conditions are intended for its or their benefit. No waiver by any Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence. No failure or delay in exercising any right, power or privilege under this Commitment Letter will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege under this Commitment Letter. Notwithstanding anything to the contrary in this Commitment Letter, the New 1.5 Lien Term Sheet and the investor rights described in Schedule "H" to this Commitment Letter cannot be amended or modified without the consent of all Initial Commitment Parties.

- (i) Time is of the essence in the performance of the Parties' respective obligations. Any date, time or period referred to in this Commitment Letter shall be of the essence, except to the extent to which the Parties agree in writing to vary any date, time or period, in which event the varied date, time or period shall be of the essence.
- (j) This Commitment Letter shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein, without regard to principles of conflicts of law. Each Party submits to the jurisdiction of the courts of the Province of Alberta in any action or proceeding arising out of or relating to this Commitment Letter. The Parties waive any right to trial by jury in any proceeding arising out of or relating to this Commitment Letter or any of the transactions contemplated by this Commitment Letter, present or future, and whether sounding in contract, tort or otherwise. Any Party may file a copy of this provision with any court as written evidence of the knowing, voluntary and bargained for agreement between the Parties irrevocably to waive trial by jury, and that any proceeding whatsoever between them relating to this Commitment Letter or any of the transactions contemplated by this Commitment Letter shall instead be tried by a judge or judges sitting without a jury.
- (k) Unless expressly stated otherwise herein, this Commitment Letter is intended to solely bind and inure to the benefit of the Company and the Commitment Parties and their respective successors, permitted assigns, heirs, executors, administrators and representatives, and, with respect to Sections 7 and 10 to also inure to the benefit of the respective persons named therein and their respective successors, permitted assigns, heirs, executors, administrators and representatives. No other Person shall be a third party beneficiary hereof.
- (l) All notices, requests, consents and other communications hereunder to any Party shall be deemed to be sufficient if contained in a written instrument delivered in person or sent by internationally-recognized overnight courier or email. All notices required or permitted hereunder shall be deemed effectively given: (i) upon personal delivery to the Party to be notified, (ii) when sent by email if sent during normal business hours of the recipient, if not, then on the next Business Day of the recipient; or (ii) one Business Day after deposit with an internationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All deliveries required or permitted hereunder shall be deemed effectively made: (i) upon personal delivery to the Party receiving the delivery; (ii) one Business Day after deposit with an internationally recognized overnight courier, specifying next day delivery, with written verification of receipt; or (iii) upon receipt of delivery in accordance with instructions given by the Party receiving the delivery. Any Party may change the address to which notice should be given to such Party by providing

written notice to the other Parties hereto of such change. The address for each of the Parties shall be as follows:

- (i) If to the Company at:

Calfrac Well Services Ltd.
411 - 8 Avenue SW
Calgary, Alberta T2P 1E3

Attention: Joel Gaucher
Email: jgaucher@calfrac.com

With a required copy (which shall not be deemed notice) to:

Bennett Jones LLP
4500 Bankers Hall East
855 2 Street SW,
Calgary, Alberta T2P 4K7

Attention: Brent Kraus and Kevin Zych
Email: krausb@bennettjones.com; zychk@bennettjones.com

- (ii) If to the Commitment Parties at:

The address set forth for each Commitment Party at the address shown for it beside its signature.

- (m) If any term or other provision of this Commitment Letter is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Commitment Letter shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Commitment Letter so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner (and subject to the consent of the Majority Commitment Parties, or the consent of each Commitment Party to those matters referred to in section 13(h) requiring the consent of each Commitment Party) in order that the terms of this Commitment Letter remain as originally contemplated to the fullest extent possible.
- (n) In the event that this Commitment Letter is terminated, nothing herein is intended to, or does, in any manner waive, limit, impair or restrict the ability of each Commitment Party to protect and preserve its rights, remedies and interests, including its claims against the Company, and the Commitment Parties fully reserve any and all of their rights. Nothing herein shall be deemed an admission of any kind. Pursuant to any applicable rules of evidence and any other applicable law, foreign or domestic, this Commitment Letter and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce its terms and shall be entirely on a "without prejudice" basis.
- (o) Until the termination of this Commitment Letter, the Commitment Parties agree that they shall not make any public announcement or statement with respect to this Commitment

Letter, the Support Agreement, the Recapitalization Term Sheet, the CBCA Plan or the Recapitalization Transaction that is inconsistent with their obligations under this Commitment Letter.

- (p) All rights, powers, and remedies provided under this Commitment Letter or otherwise in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any right, power, or remedy thereof by any Party shall not preclude the simultaneous or later exercise of any other such right, power, or remedy by such Party.
- (q) This Commitment Letter may be signed in counterparts, each of which, when taken together, shall be deemed an original. Execution of this Commitment Letter is effective if a signature is delivered by electronic (e.g., pdf) transmission.

[Remainder of Page Intentionally Left Blank]

If the Company is in agreement with the foregoing, kindly sign and return to us the enclosed copy of this Commitment Letter.

Very truly yours,

STRICTLY CONFIDENTIAL

Name of Commitment Party:

[Redacted]

Per: *(signed)*

Name: **[Redacted]**

Title: **[Redacted]**

Address: **[Redacted]**

Acknowledged and agreed:

CALFRAC WELL SERVICES LTD.

Per: *(signed) "Michael Olinek"*

Name: Michael Olinek

Title: Chief Financial Officer

The following affiliates of the Company hereby sign this Commitment Letter as a guarantor of the Company's obligations under Section 4(b).

**CALFRAC HOLDINGS LP, by its general partner,
CALFRAC (CANADA) INC.**

Per: *(signed) "Michael Olinek"*

Name: Michael Olinek

Title: Chief Financial Officer

CALFRAC WELL SERVICES CORP.

Per: *(signed) "Michael Olinek"*

Name: Michael Olinek

Title: Chief Financial Officer

CALFRAC WELL SERVICES (ARGENTINA) S.A.

Per: *(signed) "Lindsay Link "*

Name: Lindsay Link

Title: Chairman

CWS INTERNATIONAL LLC

Per: *(signed) "Rob Sutherland"*

Name: Rob Sutherland

Title: President, Russian Division of Calfrac
Well Services Ltd.

SCHEDULE "A" DEFINITIONS

The following terms used in this Commitment Letter shall have the following meanings:

- (a) "**Action**" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena, notice of assessment, notice or reassessment or investigation of any nature, civil, criminal, administrative, investigative, regulatory or otherwise, whether at law or in equity.
- (b) "**Additional Commitment Party**" has the meaning set forth in Section 10.
- (c) "**Ad Hoc Committee**" means the ad hoc committee of certain Senior Unsecured Noteholders represented by Goodmans LLP.
- (d) "**affiliate**" of a Person, means any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.
- (e) "**Break Fee**" has the meaning set forth in Section 4.
- (f) "**Business Day**" means each day, other than a Saturday or Sunday or a statutory or civic holiday, on which banks are open for business in New York City, New York, Toronto, Ontario and Calgary, Alberta.
- (g) "**Calfrac**" has the meaning set forth in the preamble.
- (h) "**Calfrac Entities**" means, collectively, the Company and the Company Subsidiaries.
- (i) "**CBCA**" has the meaning set forth in the preamble.
- (j) "**CBCA Plan**" has the meaning set forth in the preamble.
- (k) "**CBCA Proceedings**" has the meaning set forth in the preamble.
- (l) "**Commitment**" has the meaning set forth in Section 2.
- (m) "**Commitment Letter**" has the meaning set forth in the preamble.
- (n) "**Commitment Party**" or "**Commitment Parties**" has the meaning set forth in the preamble.
- (o) "**Commitment Pro Rata Share**" means, in respect of a Commitment Party, the pro rata share of such Commitment Party as set out in Schedule "B", as such pro rata share may be adjusted from time to time pursuant to Sections 10(d) or 13(h);
- (p) "**Company**" has the meaning set forth in the preamble.

- (q) "**Company Subsidiary**" means any of the subsidiaries of the Company as listed in Schedule A of the Recapitalization Term Sheet.
- (r) "**Court**" means the Court of Queen's Bench of Alberta.
- (s) "**Direct Commitment**" has the meaning set forth in Section 2.
- (t) "**Direct Commitment Amount**" means \$45,000,000.
- (u) "**Final Order**" means a final order of the Court pursuant to the CBCA that, *inter alia*, approves the CBCA Plan.
- (v) "**Funding Date**" has the meaning set forth in Section 2.
- (w) "**Effective Date**" means the date on which the CBCA Plan is implemented.
- (x) "**Effective Time**" means the time on the Effective Date on which the CBCA Plan becomes effective, in accordance with the Final Order.
- (y) "**Governmental Entity**" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (i) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.
- (z) "**Governmental Order**" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Entity.
- (aa) "**Indemnified Person**" has the meaning set forth in Section 7.
- (bb) "**Information**" means all information set forth or incorporated in the Company's public disclosure documents filed on SEDAR and all information otherwise provided to the Commitment Parties by the Company or its Representatives (including through any virtual data room), in each case prior to the date of this Commitment Letter.
- (cc) "**Initial Commitment Parties**" the meaning set forth in the preamble.
- (dd) "**Interim Order**" means an interim order of the Court pursuant to the CBCA that, *inter alia*, provides for the calling of the Senior Unsecured Noteholder Meeting (as defined in the Support Agreement) to consider and vote on the CBCA Plan.
- (ee) "**Joinder Agreement**" has the meaning set forth in Section 10.
- (ff) "**Law**" or "**Laws**" means any law, statute, order, decree, consent decree, judgment, rule regulation, ordinance or other pronouncement having the effect of law whether in Canada, the United States or any other country, or any domestic or foreign state, county, province, city or other political subdivision or of any Governmental Entity.
- (gg) "**Majority Commitment Parties**" means Commitment Parties whose aggregate Commitment Pro Rata Share exceeds 66 2/3%, *provided that* such Commitment Parties

must include at least one member of the Ad Hoc Committee (as at the date hereof) whose Commitment Pro Rata Share as at the applicable date of determination is at least 80% of its Commitment Pro Rata Share on the date hereof (or, if applicable, following any adjustment to such Commitment Pro Rata Share in respect of Reallocated Pro Rata Share pursuant to Section 10(c) of this Commitment Letter), but only to the extent that any such member of the Ad Hoc Committee continues to satisfy such requirement as at the applicable determination date.

- (hh) "**Material Adverse Effect**" means any change, effect, fact, circumstance, occurrence or event that, individually or in the aggregate (i) is, or could reasonably be expected to be, materially adverse to the business, operations, assets, properties, cash flow, earning, liabilities, capitalization, condition (financial or otherwise) of the Company or any of the Calfrac Subsidiaries or (ii) prevents or materially impairs (or would reasonably be expected to prevent or materially impair) the ability of the Company to consummate the transactions contemplated by this Commitment Letter on a timely basis.
- (ii) "**New 1.5 Lien Notes**" has the meaning set forth in the preamble.
- (jj) "**New 1.5 Lien Notes Documents**" means the note indenture pursuant to which the New 1.5 Lien Notes are issued and all related guarantee, security, and other documents entered into in connection with the issuance of the New 1.5 Lien Notes.
- (kk) "**New Common Shares**" has the meaning set forth in the preamble.
- (ll) "**New Investment**" has the meaning set forth in the preamble.
- (mm) "**NI 45-106**" means National Instrument 45-106 – *Prospectus and Registration Exemptions* of the Canadian Securities Administrators.
- (nn) "**Offering**" has the meaning set forth in the preamble.
- (oo) "**Offering Documentation**" means each election form, subscription agreement and other related documentation reasonably required by the Company to be executed, delivered and/or submitted by the Commitment Parties (including Other Eligible Noteholders) in connection with the subscription by such the Commitment Parties or Other Eligible Noteholders for New 1.5 Lien Notes under the Offering.
- (pp) "**Other Eligible Noteholders**" means the Senior Unsecured Noteholders (including, for greater certainty, the Initial Commitment Parties to the extent they are Senior Unsecured Noteholders) to whom the Other New 1.5 Lien Notes are offered, provided that such Senior Unsecured Noteholders are authorized under applicable securities laws to participate in the Offering.
- (qq) "**Other New 1.5 Lien Notes**" means the \$15,000,000 principal amount of New 1.5 Lien Notes which are offered to Other Eligible Noteholders.
- (rr) "**Outside Date**" has the meaning set forth in Section 8.
- (ss) "**Party**" has the meaning set forth in the preamble.

- (tt) "**Person**" means any individual, sole proprietorship, limited or unlimited liability corporation, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, body corporate, joint venture, trust, pension fund, union, Governmental Entity, and a natural person including in such person's capacity as trustee, heir, beneficiary, executor, administrator or other legal representative.
- (uu) "**Recapitalization Term Sheet**" has the meaning set forth in the preamble.
- (vv) "**Recapitalization Transaction**" has the meaning set forth in the preamble.
- (ww) "**Relevant Personnel**" has the meaning set forth in Section 6(c).
- (xx) "**Representative**" means in respect of a particular Party, that Party's directors, trustees, executives, officers, auditors and employees and financial or legal advisors and other agents.
- (yy) "**Second Lien Notes Indenture**" means the indenture dated February 14, 2020 among Calfrac LP, as issuer, Calfrac Well Services Ltd. and Calfrac Well Services Corp., as initial guarantors, and Wilmington Trust, National Association, as trustee.
- (zz) "**Senior Unsecured Notes**" has the meaning set forth in the preamble.
- (aaa) "**Senior Unsecured Noteholders**" has the meaning set forth in the preamble.
- (bbb) "**Senior Unsecured Notes Indenture**" has the meaning set forth in the preamble.
- (ccc) "**Shortfall Notes**" means the Other New 1.5 Lien Notes to the extent that such Other New 1.5 Lien Notes are not subscribed for by Other Eligible Noteholders.
- (ddd) "**Shortfall Commitment**" has the meaning set forth in Section 2.
- (eee) "**Specified Tax Jurisdiction**" means Canada and each other jurisdiction in which the Company or, if applicable, its affiliates is organized or otherwise considered to be a resident for tax purposes or from which the Company or, if applicable, its affiliates may be liable to make a payment.
- (fff) "**Superior Proposal**" has the meaning set forth in the Support Agreement.
- (ggg) "**Support Agreement**" has the meaning set forth in the preamble.

SCHEDULE "B"
COMMITMENT PRO RATA SHARE

Commitment Party	Commitment Amount	Commitment Pro Rata Share
[Redacted]	[Redacted]	[Redacted]
TOTAL	\$45,000,000	100%

This Schedule "B" may be amended from time to time in accordance with the Commitment Letter to reflect any adjustments to the Committed Parties' respective Commitment Pro Rata Share.

SCHEDULE "C"
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Capitalized terms used but not defined herein have the meanings assigned to them in the Commitment Letter to which this Schedule "C" is attached and of which it forms a part.

The Company hereby represents and warrants to, and agrees with, each of the Commitment Parties (unless otherwise set forth herein, as of the date hereof and as of the Effective Time) as set forth below.

- (a) The Company and each Company Subsidiary is a corporation, company or partnership duly amalgamated, organized, formed and validly existing, as applicable, under the Laws of the jurisdiction of its organization, and the Company has the corporate power and capacity to enter into this Commitment Letter, to carry out its obligations hereunder and thereunder and subject to (i) the approval of the CBCA Plan and the Recapitalization Transaction by the Court; (ii) the approval of the CBCA Plan and the Recapitalization Transaction by the requisite majorities of any stakeholders of the Company that have the right to vote on the CBCA Plan and the Recapitalization Transaction and (iii) the satisfaction of any other legal, statutory or regulatory preconditions to the consummation of the CBCA Plan and the Recapitalization Transaction, to consummate the transactions contemplated hereby and thereby. The execution and delivery by the Company of this Commitment Letter, the performance by the Company of its obligations hereunder and thereunder and the consummation by the Company of the Recapitalization Transaction and the other transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of the Company.
- (b) This Commitment Letter has been duly executed and delivered by the Company, and (assuming due authorization, execution and delivery by the other Parties), this Commitment Letter constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity.
- (c) The Company is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of this Commitment Letter; it has conducted its own analysis and made its own decision to enter into this Commitment Letter and has obtained such independent advice in this regard as it deemed appropriate, and it has not relied in such analysis or decision on any Person other than its own independent advisors.
- (d) The execution, delivery and performance by the Company of this Commitment Letter and the other agreements contemplated hereby, and the consummation of the transactions contemplated hereby and thereby, do not and will not, subject to obtaining all requisite approvals required in connection with the CBCA Plan: (i) conflict with or result in a violation or breach of, or default under, any provision of the articles of incorporation, by-laws or other organizational documents of the Company or any Company Subsidiary; (ii) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to the Company or any Company Subsidiary; or (iii) result in the creation or imposition of any encumbrance on any properties or assets of the Company or any Company Subsidiary.

- (e) As of the date of this Commitment Letter, the Support Agreement has been executed by Consenting Noteholders holding in aggregate not less than 49.1% of the principal amount of outstanding Senior Unsecured Notes and 0% of the Existing Shares.
- (f) All financial information of the Company and each Company Subsidiary that has been provided or made available to the Commitment Parties, their affiliates or their respective advisors by it, or any of its representatives, (i) has been prepared in good faith (and in the case of any financial statements forming part of such financial information, in accordance with the International Financial Reporting Standards) and (ii) fairly reflects in all material respects as of the dates thereof, its and their financial condition and the results of its and their operations.
- (g) There is no proceeding, claim or investigation pending before any Governmental Entity, or threatened against it or any of its properties that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Company's ability to execute and deliver this Commitment Letter, to perform its obligations hereunder and to consummate the Recapitalization Transaction.
- (h) Since March 31, 2020, (i) there has not been any event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, except as disclosed in the Information, and (ii) there are no material change reports relating to the Company or any Company Subsidiary filed on a confidential basis with any securities commission which remain confidential.
- (i) Except as disclosed in the Information, as at the date of this Commitment Letter, there are no Actions pending or, to the Company's knowledge, threatened (A) against or by the Company or any Company Subsidiary that would be material to the Company or any Company Subsidiary; or (B) against or by the Company or any Company Subsidiary that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Commitment Letter and the performance by the Company of its obligations hereunder and to consummate the Recapitalization Transaction.
- (j) There are no material outstanding Governmental Orders and no unsatisfied orders, judgments, penalties or awards against or affecting the Company or any Company Subsidiary or any of their respective properties or assets.
- (k) The Company and each Company Subsidiary has complied, and is now complying, in all material respects, with all Laws applicable to it or its business, properties or assets, and has not received any notice to the effect that, and has not otherwise been advised that, the Company or Company Subsidiary is not in compliance with such Laws.
- (l) There is no order halting or suspending trading in the Company's securities or prohibiting the sale of such securities has been issued to or is outstanding against it and no investigations or proceedings for such purpose are pending or threatened.
- (m) The Company and each Company Subsidiary has obtained all material permits, licenses and other authorizations which are required or necessary under all Laws applicable to it or its business, properties or assets, including environmental Laws, and each of them is in compliance in all material respects with the terms and conditions of such permits, licenses and authorizations.

- (n) Except as disclosed in writing in the Information, the Company is not aware of any material litigation or other material claims commenced or threatened against it or any Company Subsidiary.
- (o) The Company and each Company Subsidiary has filed all tax returns which are required to be filed, and has paid or made provision for payment of all taxes which are due and payable.
- (p) Except as disclosed in writing in the Information, the Company and each Company Subsidiary has no material liabilities or obligations of any nature (whether absolute, accrued, contingent or otherwise) that have been incurred other than in the ordinary course of business and consistent with past practice.
- (q) Except as disclosed in writing in the Information, there are no "change of control" payments or similar payments or compensation that would be payable to any of the Company's senior officers or to any other director, officer or employee of the Company or any Company Subsidiary or any of their respective affiliates as a result of the implementation of the transactions contemplated by this Commitment Letter and the Recapitalization Transaction.
- (r) The Company has complied with its public reporting obligations under all securities Laws in all material respects, and all documents filed with the relevant securities regulators: (i) complied with all applicable securities Laws in all material respects; and (ii) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.
- (s) To the knowledge of the Company's officers who have been working directly on the Recapitalization Transaction, (i) all of the material contracts to which the Company or any Company Subsidiary is a party are valid, binding and enforceable in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors or general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity); and (ii) except as otherwise contemplated by the Support Agreement and the transactions contemplated hereby, there is no existing (or known threatened) breach or default with respect to, nor has any event or circumstance occurred which, but for the passage of time or the giving of notice, or both, would constitute a breach or default by the Company or any Company Subsidiary under, any of the material contracts to which it is a party.
- (t) The authorized capital of the Company consists of an unlimited number of common shares. There are no other outstanding shares, options, warrants, convertible securities, convertible debt or rights of any kind to purchase or otherwise acquire shares or other securities of the Company or any Company Subsidiary, other than no more than 9,858,981 stock options and 890,770 performance share units issued to directors, officers and employees of the Company. There are no voting trusts or agreements, pooling agreements, unanimous shareholder agreements, other shareholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the common share or other securities in the capital of the Company.
- (u) To the knowledge of the Company's officers who have been working directly on the Recapitalization Transaction, no representation or warranty of the Company contained in

this Commitment Letter contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein not misleading.

SCHEDULE "D"
COVENANTS OF THE COMPANY

Capitalized terms used but not defined herein have the meanings assigned to them in the Commitment Letter to which this Schedule "D" is attached and of which it forms a part.

Subject to, and in consideration of, each Commitment Party's obligations as set forth in this Commitment Letter, the Company hereby acknowledges, covenants and agrees:

- (a) to the terms and conditions of, and the transactions contemplated by, this Commitment Letter and the Recapitalization Transaction;
- (b) to pursue the completion of the Recapitalization Transaction in good faith by way of the CBCA Plan, and shall use commercially reasonable efforts (including recommending to any Person entitled to vote on the CBCA Plan that they vote to approve the CBCA Plan, and use commercially reasonable efforts to obtain any regulatory approvals for the Recapitalization Transaction) and to achieve the following timeline (which timeline may be extended at any time as agreed by the Company and the Majority Commitment Parties, provided that the Outside Date cannot be extended without the consent of all Initial Commitment Parties):
 - (i) file the application in the CBCA Proceedings seeking the Interim Order by no later than August 7, 2020;
 - (ii) obtain approval of the Interim Order by the Court by no later than August 7, 2020;
 - (iii) obtain approval of the Final Order by the Court by no later than September 11, 2020; and
 - (iv) implement the Recapitalization Transaction pursuant to the CBCA Plan on or prior to the Outside Date;
- (c) subject to any order of the Court, to: (a) pursue, support and use commercially reasonable efforts to complete the Recapitalization Transaction in good faith; (b) do all things that are reasonably necessary and appropriate in furtherance of, and to consummate and make effective, the Recapitalization Transaction, as soon as reasonably practicable, including, without limitation, using commercially reasonable efforts to satisfy the conditions precedent set forth in this Commitment Letter; (c) as soon as practicable following the date hereof, in cooperation with the Initial Commitment Parties, make all such filings and seek all such consents, approvals, permits and authorizations with any Governmental Entities or third parties whose consent is required in connection with the Recapitalization Transaction and use commercially reasonable efforts to obtain any and all required regulatory and/or third party approvals for or in connection with the Recapitalization Transaction; and (d) not take any action, directly or indirectly, that is materially inconsistent with, or is intended or is likely to interfere with the consummation of, the Recapitalization Transaction, except as required by applicable Law, by any other regulatory authority having jurisdiction over the Calfrac Entities, or by any court of competent jurisdiction or as permitted by this Commitment Letter;
- (d) to promptly notify the Commitment Parties if, at any time before the Effective Date, it becomes aware that an application for a regulatory approval or any other order, registration, consent, filing, ruling, exemption or approval under applicable Laws contains a statement

which is inaccurate or incomplete in any material respect or of information that otherwise requires an amendment or supplement in any material respect to such application or other order, registration, consent, filing, ruling, exemption or approval, and the Company shall co-operate in the preparation of such amendment or supplement as required;

- (e) to comply with the terms and covenants of the Second Lien Notes Indenture, Senior Unsecured Notes Indenture and the Credit Agreement, other than any terms and covenants that may be breached as a result of (i) the commencement and/or continuation of the CBCA Proceedings in conformity with the Support Agreement; (ii) the pursuit of the Recapitalization Transaction, including the entering into of any related documents, as specifically contemplated by the Support Agreement and this Commitment Letter; (iii) the non-payment of interest on any of the Senior Unsecured Notes; and (iv) the breach of any financial covenants contained in the Credit Agreement, the Second Lien Notes Indenture, and the Senior Unsecured Notes Indenture;
- (f) not to, and not to permit the other Calfrac Entities to, directly or indirectly, do any of the following, except as consented to by the Majority Commitment Parties:
 - (A) materially increase compensation or severance entitlements or other benefits payable to directors, officers or employees of the Company or any of the other Calfrac Entities, including by way of a key employee incentive plan, or pay any bonuses whatsoever, other than as required by law;
 - (B) other than as required by the Recapitalization Transaction or the CBCA Plan, amalgamate, consolidate with or merge into or sell all or substantially all of its assets to another entity, or change the nature of its business or its corporate or capital structure;
 - (C) other than as required by the Recapitalization Transaction or the CBCA Plan, (i) prepay, redeem prior to maturity, defease, repurchase or make other prepayments in respect of any non-revolving indebtedness, (ii) directly or indirectly, create, incur, assume, guarantee or otherwise become directly or indirectly liable with respect to any indebtedness of any kind whatsoever, other than trade debt in the ordinary course of business, or (iii) create, incur, assume or otherwise cause or suffer to exist or become effective any lien, charge, mortgage, hypothec or security interest of any kind whatsoever on, over or against any of its assets or property;
 - (D) transfer, lease, license or otherwise dispose of all or any part of its property, assets or undertaking outside the ordinary course consistent with past practice, except as disclosed in writing in the Information;
 - (E) other than as required by the Recapitalization Transaction or the CBCA Plan, issue, sell, grant, pledge, assign, dispose of, encumber or agree to issue, sell, grant, pledge, assign, dispose of or encumber any shares or other securities of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any securities of the Company or any of the Calfrac Entities;
 - (F) other than as required by the Recapitalization Transaction or the CBCA Plan, amend or propose to amend its certificate of incorporation, articles, by-laws or other constating documents;

- (G) declare, set aside or pay any dividend or other distribution payable in cash, stock, property or otherwise with respect to any of its shares;
 - (H) other than as required by the Recapitalization Transaction or the CBCA Plan, redeem, purchase or offer to purchase any of its securities or reduce its capital or the stated capital;
 - (I) (i) acquire or agree to acquire (by merger, amalgamation, acquisition of securities or assets or otherwise) any Person, (ii) other than as required by the Recapitalization Transaction or the CBCA Plan, incur or agree to incur any debt outside of the ordinary course of business, (iii) dispose of any property or assets outside of the ordinary course of business, or (iv) make any investment either by purchase of securities, contributions of capital, property transfer or purchase of any property or assets of any other Person; or
 - (J) make any changes in accounting methods, principles, policies or practices, except insofar as may be required by International Financial Reporting Standards;
- (g) to and to cause each of the other Calfrac Entities to do all of the following, other than as expressly contemplated by the Recapitalization Transaction or the CBCA Plan or as consented to by the Majority Commitment Parties:
- (A) operate its business in the ordinary course of business and consistent with past practice;
 - (B) continue to maintain appropriate insurance coverage in amounts and on terms that are customary in the industry of the Calfrac Entities;
 - (C) promptly notify the Commitment Parties of:
 - (1) any resignation of, or leave of absence taken by, any of its directors or senior officers;
 - (2) any governmental investigations or any claims threatened or brought against the Company or any of the other Calfrac Entities (A) which may impede or delay the consummation of the Recapitalization Transaction or the CBCA Plan; or (B) which has been, or would reasonably be expected to be, materially adverse to the Company or in the case of the other Calfrac Entities, taken as a whole, or the Company's or in the case of the other Calfrac Entities, taken as a whole, their respective businesses, assets or liabilities; or
 - (3) any event, condition or development that has resulted in the inaccuracy or breach of any representation or warranty, covenant or agreement contained in this Commitment Letter made by or to be complied with by the Company; and
- (h) to provide, upon reasonable request and with reasonable prior notice, to the Commitment Parties which have entered into confidentiality agreements with the Company (including confidentiality agreements entered into prior to the date of this Commitment Letter that remain in effect) with reasonable access to the books, records, documents, materials and any

other information of the Calfrac Entities (other than books, records, documents, materials and any other information that are subject to solicitor-client privilege) for review in connection with the Recapitalization Transaction.

SCHEDULE "E"
ADDITIONAL CONDITIONS

Capitalized terms used but not defined herein have the meanings assigned to them in the Commitment Letter to which this Schedule "E" is attached and of which it forms a part.

Notwithstanding anything to the contrary contained in this Commitment Letter and without limiting any other rights of the Commitment Party hereunder or under the Support Agreement, each Commitment Party's obligation to hold and fulfill its Commitments under this Commitment Letter shall be subject to the satisfaction of the following conditions, each of which is for the benefit of the Commitment Parties and may be waived, in whole or in part, by the Majority Commitment Parties (provided that such conditions shall not be enforceable by any Commitment Party if any failure to satisfy such conditions results from an action, error or omission by or within the control of such Commitment Party seeking enforcement):

- (a) the Company shall have executed this Commitment Letter and delivered its signature pages hereto to the Commitment Parties;
- (b) the CBCA Plan and all agreements, consents and other documents relating to the Recapitalization Transaction and the CBCA Plan shall be in form and content satisfactory to the Majority Commitment Parties, acting reasonably, along with any other documents relating to the CBCA Proceedings, any circular issued by the Company and court filings regarding the Recapitalization Transaction, any documents relating to the meetings of securityholders of the Company, and any indentures and intercreditor agreements in respect of the new securities to be issued by the Company;
- (c) the New 1.5 Lien Notes Documents shall be in form and content satisfactory to the Majority Commitment Parties, acting reasonably, including the form of indenture with respect to the New 1.5 Lien Notes (which shall be substantially similar to indentures for other senior secured note indentures and on the basis of the additional terms set out in the New 1.5 Lien Term Sheet);
- (d) the Offering Documentation shall be in form and content satisfactory to the Majority Commitment Parties, acting reasonably, and the Commitment Parties shall be granted certain investor rights, as described in Schedule "H";
- (e) all orders made and judgments rendered by any competent court of law, and all rulings and decrees of any competent regulatory body, agent or official in relation to the CBCA Proceedings and the Recapitalization Transaction shall be satisfactory to the Majority Commitment Parties, acting reasonably;
- (f) the Interim Order, the CBCA Plan, the Final Order in respect of the CBCA Plan, and all other materials filed by or on behalf of the Company in the CBCA Proceedings shall have been filed (and, if applicable, issued) in form and substance acceptable to the Majority Commitment Parties, acting reasonably;
- (g) there shall not exist or have occurred any Material Adverse Effect;
- (h) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Entity, no application (other than a frivolous or vexatious application by a Person other than a Governmental Entity) shall have been made to any Governmental Entity, and no action or investigation shall have been announced, threatened or commenced by any

Governmental Entity, in consequence of or in connection with the Recapitalization Transaction that restrains, impedes or prohibits (or if granted could reasonably be expected to restrain, impede or prohibit) the Recapitalization Transaction or any material part thereof or requires or purports to require a material variation of the Recapitalization Transaction;

- (i) all actions taken by the Calfrac Entities in furtherance of the Recapitalization Transaction and the CBCA Plan shall be consistent in all material respects with this Commitment Letter;
- (j) the Company and each of the other Calfrac Entities shall be in material compliance with all of its covenants and obligations under or in respect of this Commitment Letter;
- (k) the execution and delivery of definitive agreements, and the satisfaction of all conditions to the effectiveness thereof, with respect to the issuance and subscription of the New 1.5 Lien Notes, in each case substantially on the terms contemplated herein and in the New 1.5 Lien Term Sheet and the CBCA Plan; and
- (l) the Recapitalization Transaction being effected in compliance with all applicable laws, in all material respects, including Canadian provincial, United States federal and state securities laws, and receipt of all required regulatory approvals and consents.

SCHEDULE "F"
ADDITIONAL TERMINATION EVENTS

Capitalized terms used but not defined herein have the meanings assigned to them in the Commitment Letter to which this Schedule "F" is attached and of which it forms a part.

This Commitment Letter may be terminated by the Majority Commitment Parties, in their sole and absolute discretion, in accordance with Section 8, with immediate effect by providing written notice to the Company, if:

- (a) the Company enters into a written agreement, or publicly announces its intention, to pursue a Superior Proposal;
- (b) any of the representations or warranties of the Company made in this Commitment Letter shall be untrue or incorrect in any material respect (or, with respect to any representations or warranties of the Company which are already qualified as to materiality or by reference to a Material Adverse Effect, if any of such representations and warranties shall be untrue or incorrect in any respect) (A) as of the date when made, or (B) as of the Effective Date, except that representations and warranties that are given as of a specified date shall be true and correct in all material respects (except that any representations or warranties of the Company which are already qualified as to materiality or with respect to a Material Adverse Effect shall be true and correct in all respects) as of such date, provided that if such representation or warranty is curable prior to the Outside Date, it has remained uncured as of the earlier of (i) three (3) Business Days after receipt by the Company of written notice thereof and (ii) the Outside Date;
- (c) the Company has failed to comply with or satisfy, or has defaulted in the performance or observance of, any term, condition, covenant or agreement in any material respect set forth in this Commitment Letter that, if capable of being cured prior to the Outside Date, is not cured on or before the earlier of (i) three (3) Business Days after receipt of written notice of such failure or default and (ii) the Outside Date;
- (d) upon the issuance of any preliminary or final decision, order or decree by a Governmental Entity, the making of an application to any Governmental Entity, or the commencement of an action or investigation by any Governmental Entity, in consequence of or in connection with the Recapitalization Transaction or the CBCA Plan, which restrains or impedes, in any material respect, or prohibits the Recapitalization Transaction, the CBCA Plan or this Commitment Letter or has a Material Adverse Effect;
- (e) if the CBCA Proceedings are dismissed or a receiver, interim receiver, receiver and manager, trustee in bankruptcy, liquidator or administrator is appointed with respect to the Company (or any other Calfrac Entities party to the Senior Unsecured Note Indenture), unless such appointment is made with the prior written consent of the Majority Commitment Parties;
- (f) if the Company amends, modifies or files a pleading seeking to amend or modify the Recapitalization Transaction or the CBCA Plan, or any material document or order relating thereto, if such amendment or modification is not acceptable to the Majority Commitment Parties, acting reasonably;

- (g) if any action shall have been taken to accelerate or enforce, or any proceeding shall have been initiated to accelerate or enforce, the payment or repayment of any of indebtedness outstanding under the Second Lien Notes Indenture, Senior Unsecured Notes Indenture or the Credit Agreement, which (in each case) is not subject to a stay of proceedings in the Interim Order or otherwise and that, if capable of being cured prior to the Outside Date, is not cured on or before the earlier of (i) 10 Business Days following receipt by the Company of written notice of such action or proceeding and (ii) the Outside Date;
- (h) if the CBCA Proceedings under the CBCA are converted to a case under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada); or
- (i) if the Recapitalization Transaction has not been completed and the CBCA Plan has not been implemented by the Outside Date,

in each case unless the event giving rise to the termination right is waived or cured in accordance with the terms hereof.

SCHEDULE "G"

FORM OF JOINDER AGREEMENT

This Joinder to the Commitment Letter (this "**Joinder Agreement**") is made as of [●], 2020, by and among [●] (the "**Joining Commitment Party**"), the Commitment Parties (as defined in the Commitment Letter (as defined below)) and Calfrac Well Services Ltd. (the "**Company**") in consideration of the mutual covenants herein contained and benefits to be derived herefrom.

WITNESSETH:

WHEREAS, reference is made to, a certain Commitment Letter dated as of July 13, 2020 (as amended, modified, supplemented or restated and in effect from time to time, the "**Commitment Letter**"), by and among the Commitment Parties (as defined therein) and the Company. All capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Commitment Letter;

WHEREAS, the Joining Commitment Party desires to become a party to, and to be bound by the terms of, the Commitment Letter; and

WHEREAS, pursuant to the terms of the Commitment Letter, in order for the Joining Commitment Party to become party to the Commitment Letter, the Joining Commitment Party is required to execute this Joinder Agreement;

NOW, THEREFORE, in consideration of the premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Joinder and Assumption of Obligations

Effective as of the date of this Joinder Agreement, the Joining Commitment Party hereby acknowledges that the Joining Commitment Party has received and reviewed a copy of the Commitment Letter, and acknowledges and agrees to:

- (a) join in the execution of, and become a party to, the Commitment Letter as a Commitment Party thereunder, as indicated with its signature below;
- (b) hereby make all of the representations and warranties of a Commitment Party contained in the Commitment Letter, including, without limitation, those set forth in Section 6 thereof, as if an original Party thereto;
- (c) be bound by all agreements and covenants of the Commitment Parties under the Commitment Letter with the same force and effect as if such Joining Commitment Party was a signatory to the Commitment Letter and was expressly named as a party therein; and
- (d) assume all rights and interests and perform all applicable duties and obligations of the Commitment Parties under the Commitment Letter.

2. Ratification of Transaction Documents

Except as specifically amended by this Joinder Agreement, all of the terms and conditions of the Commitment Letter shall remain in full force and effect as in effect prior to the date hereof, without releasing any obligors thereon.

3. Miscellaneous

- (a) This Joinder Agreement may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. Delivery of an executed signature page of this Joinder Agreement by email or facsimile transmission will be effective as delivery of a manually executed counterpart hereof.
- (b) This Joinder Agreement expresses the entire understanding of the parties with respect to the transactions contemplated hereby. No prior negotiations or discussions shall limit, modify, or otherwise affect the provisions hereof.
- (c) Any determination that any provision of this Joinder Agreement or any application hereof is invalid, illegal or unenforceable in any respect and in any instance shall not affect the validity, legality, or enforceability of such provision in any other instance, or the validity, legality or enforceability of any other provisions of this Joinder Agreement.
- (d) The Joining Commitment Party represents and warrants that the Joining Commitment Party has consulted with independent legal counsel of its selection in connection with this Joinder Agreement and is not relying on any representations or warranties of any other Commitment Party or the Company or their respective counsel in entering into this Joinder Agreement.
- (e) This Joinder Agreement shall be governed by, construed and interpreted in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein (excluding any conflict of laws rule or principle which might refer such construction to the laws of another jurisdiction) and all actions or proceedings arising out of or relating to this Joinder Agreement shall be heard and determined exclusively in the courts of the Province of Alberta.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, each of the undersigned has caused this Joinder Agreement to be duly executed and delivered by its proper and duly authorized officer as of the date first written above.

STRICTLY CONFIDENTIAL

Name of Joining Commitment Party:

Per:

Name:

Title:

Address:

Accepted and agreed to as of the date first above written.

[COMMITMENT PARTIES]

By:

[Name]

[Title]

CALFRAC WELL SERVICES LTD.

By:

[Name]

[Title]

SCHEDULE "H"

INVESTOR RIGHTS SUMMARY

Calfrac Well Services Ltd. (the "**Company**") shall enter into an investor rights agreement (the "**Investor Rights Agreement**") with all of the Initial Commitment Parties that, as at the Effective Date, continues to hold at least 80% of its respective initial Commitment Pro Rata Share of Commitments on the date of this Commitment Letter or, if applicable, following any adjustment to such Commitment Pro Rata Share in respect of Reallocated Pro Rata Share, with the following key terms:

Definitions	" Shareholder Approval Matters ", " CBCA Plan " and " Transaction " each have the respective meanings set forth in the Support Agreement (defined below).
Board Nomination Rights	<p>The board of directors of the Company should be comprised of 7 individuals including the 1.5 Lien Nominee Directors described below.</p> <p>For so long as each of G2S2, MATCO and the Ad Hoc Committee (as at the Effective Date), including their respective affiliates, shall own at least 50% of their respective initial New 1.5 Lien Notes (as at the Effective Date), they shall each have the right to nominate one (1) director to the board of directors of the Company (such three nominees together, being the "1.5 Lien Nominee Directors"). The Company shall include the 1.5 Lien Nominee Directors in the notice of meeting, the management information circular, and form of proxy relating to the applicable shareholder meeting as nominees of management, and solicit proxies from shareholders of the Company in favour of the election of the 1.5 Lien Nominee Directors. The initial 1.5 Lien Nominee Directors shall be appointed concurrent with the completion of the CBCA Plan and the Transaction.</p> <p>If any 1.5 Lien Nominee Director fails to be elected as a director, then such 1.5 Lien Nominee Director shall be designated as an observer to the Board.</p> <p>Quorum for any meeting of the Board or any meeting of the Governance Committee or the Compensation Committee shall require the attendance of at least two (2) 1.5 Lien Nominee Directors.</p> <p>The Investor Rights Agreement shall include a covenant from Noteholders to vote all of the common shares held by them in favour of the 1.5 Lien Nominee Directors until the close of the annual meeting of the Company to be held in 2021, and not to requisition any other shareholder meeting, or submit any shareholder proposal, in either case relating to the election of directors, on or prior to December 31, 2021.</p>
Pre-Emptive Rights	The Company shall not issue, sell or exchange any shares or equity or debt securities (or securities convertible or exchangeable into equity or debt securities, excluding employee compensation securities under board approved compensation plans) unless the Company shall have first offered the Noteholders the opportunity to subscribe for their pro rata portion, on an as-converted common share basis, of such securities.
Registration Rights	The Noteholders shall be entitled to customary demand and piggy back registration rights on terms mutually acceptable to the Company and the Noteholders (each acting reasonably) and containing such customary provisions which are typically included in registration rights agreements under similar circumstances.

SCHEDULE "I"

NEW 1.5 LIEN TERM SHEET

CALFRAC WELL SERVICES LTD.

OFFERING OF 1.5 LIEN NOTES

TERM SHEET

This term sheet dated as of July 13, 2020 (the "**Term Sheet**") describes the principal terms of a potential offering of senior secured convertible notes on a private placement basis (the "**Private Placement**") to be made by Calfrac Well Services Ltd. (the "**Company**") as part of a broader recapitalization transaction in connection with certain indebtedness of the Company (the "**Recapitalization Transaction**"). The Recapitalization Transaction shall be implemented pursuant to a plan of arrangement to be filed under the *Canada Business Corporations Act* (the "**Plan of Arrangement**").

This Term Sheet and the information contained herein is strictly private and confidential, is expressly subject to the terms and conditions of any confidentiality agreement to which the Company and the recipient are party, and is not to be disclosed in any manner whatsoever without the prior written consent of the Company or Bennett Jones LLP, as counsel to the Company.

NEW 1.5 LIEN NOTES	
Issuer	Calfrac Well Services Ltd.
Guarantor	Calfrac Well Services Corp. and Calfrac LP (together with the Company, the " Obligors ").
Issuance	<p>CAD\$60,000,000 senior secured convertible payment-in-kind notes (the "New 1.5 Lien Notes") will be issued on a private placement basis: (a) as to \$45 million, to the Initial Commitment Parties (the "Direct Commitment Amount"); and (b) as to \$15 million, to the holders of Senior Unsecured Notes (the "Senior Unsecured Noteholder Group") pro rata, provided that the Commitment Parties will subscribe and backstop, on a pro rata basis determined in accordance with the terms of the commitment letter dated the date hereof (the "Commitment Letter"), for any portion allocated to the Senior Unsecured Noteholder Group that is not subscribed for.</p> <p>An amount to be agreed upon by the Company and the Initial Commitment Parties (as hereinafter defined) from the proceeds of the New 1.5 Lien Notes shall be subject to a holdback (to be held by the Note Trustee (as hereinafter defined)) and not advanced to the Issuer if, and to the extent that, the Obligors have not completed all security registration and perfection actions required pursuant to the Note Documents (as hereinafter defined) to the satisfaction of the Initial Commitment Parties, acting reasonably.</p> <p>The Initial Commitment Parties shall be entitled to a backstop fee in the amount of \$1.5 million, payable in common shares pursuant to the Plan of Arrangement and described in the Commitment Letter.</p>

NEW 1.5 LIEN NOTES	
Initial Commitment Parties	The initial private placement group (the " Initial Commitment Parties ") will consist of (i) G2S2 Capital Inc., or an affiliate thereof (" G2S2 "), (ii) MATCO Investments Ltd., and (iii) members of the Ad Hoc Committee represented by Goodmans LLP, each with Direct Commitment Amounts as set forth in the Commitment Letter, provided that the Company may allocate up to approximately \$6.0 million of the Direct Commitment Amount to other holders of Senior Unsecured Notes (the " Additional Commitment Parties "), which shall reduce the foregoing Direct Commitment Amounts of the Initial Commitment Parties pro rata, and provided further that, the Additional Commitment Parties shall not constitute Initial Commitment Parties for the purposes of this Term Sheet or the Commitment Letter.
Maturity Date	The New 1.5 Lien Notes will have a term to maturity of three (3) years from Closing (the " Maturity Date ").
Interest	<p>The New 1.5 Lien Notes will bear interest at a rate of 10% per annum, which interest shall be payable in cash semi-annually on March 15 and September 15 of each year (commencing on September 15, 2020, each, an "Interest Payment Date").</p> <p>On each Interest Payment Date, the Company may elect to defer and pay in kind any interest accrued as of such Interest Payment Date by increasing the unpaid principal amount of the New 1.5 Lien Notes as at such date (each, a "PIK Interest Payment"), which PIK Interest Payment shall be allocated pro rata to all New 1.5 Lien Noteholders. Following each such increase in the principal amount of the New 1.5 Lien Notes as a result of any PIK Interest Payment, the New 1.5 Lien Notes will bear interest on such increased principal amount from and after the date of each such PIK Interest Payment. Upon repayment of the New 1.5 Lien Notes, any interest which has accrued thereon but has not been capitalized as set forth above shall be paid in cash.</p> <p>Upon and following the occurrence of an event of default that is continuing, the New 1.5 Lien Obligations shall bear interest at a rate equal to 2% above the applicable rate, in each case until the New 1.5 Lien Obligations are indefeasibly paid in full.</p>
Intercreditor Agreement	The Company shall, in respect of the New 1.5 Lien Obligations, take such steps as may be required pursuant to the existing intercreditor agreement, dated February 14, 2020, among the Company, Calfrac LP and Calfac Well Services Corp., as debtors, Wilmington Trust, National Association, as trustee and collateral agent for the holders of the Second Lien Notes, and HSBC, as agent under the Credit Agreement (the " Existing Intercreditor Agreement "), to satisfy the Initial Commitment Parties that all such New 1.5 Lien Obligations shall constitute New First Lien Obligations and First Lien Obligations (in both cases as defined in the Existing Intercreditor Agreement) for all purposes under the Existing Intercreditor Agreement.

NEW 1.5 LIEN NOTES	
	The Note Trustee (as defined below) shall: (a) sign a joinder to the Existing Intercreditor Agreement; and (b) enter into a separate intercreditor agreement with HSBC, as agent, on terms acceptable to the Initial Commitment Parties (the " New Intercreditor Agreement " and, together with the Existing Intercreditor Agreement, the " Intercreditor Agreements "), which taken together, will reflect the ranking and priority of the First Priority Lien, 1.5 Priority Lien and the Second Priority Lien.
Existing Liens	<p>The Existing Collateral is currently subject to the following liens:</p> <p>(a) liens securing any obligations of the Obligors pursuant to the Credit Agreement and as created under the Collateral Documents (collectively, the "First Priority Lien"); and</p> <p>(b) liens securing any obligations of the Obligors pursuant to the Second Lien Notes (collectively, the "Second Priority Lien").</p>
1.5 Priority Lien	<p>The New 1.5 Lien Obligations will be fully and unconditionally guaranteed, jointly and severally, on a senior secured basis (the "1.5 Priority Lien") by the Obligors, and shall be secured over not less than all of the present and future Existing Collateral. The 1.5 Priority Lien shall rank second in priority only to the First Priority Lien and shall rank ahead of the Second Priority Lien, as set forth in and subject to the terms of the Intercreditor Agreements. The New 1.5 Lien Obligations secured by the 1.5 Priority Lien shall not otherwise be subordinated or postponed to the obligations of the Obligors under the Collateral Documents or to any other obligations secured by the First Priority Lien.</p> <p>The 1.5 Priority Lien will be registered and perfected against the Existing Collateral, including all personal and real property, in a matter satisfactory to the Initial Commitment Parties, acting reasonably.</p>
Ranking / Subordination	<p>Subject to the applicable Intercreditor Agreement, the 1.5 Priority Lien will form part of the Company's senior secured obligations and will rank:</p> <p>(a) senior to all of the Company's future obligations, unsecured obligations and the obligations of the Company in respect of the Second Lien Notes; and</p> <p>(b) junior to the obligations under the Credit Agreement.</p>

NEW 1.5 LIEN NOTES	
Documentation	The New 1.5 Lien Notes shall be established upon negotiation and completion of documentation customary for a senior secured convertible debenture issuance transactions of this nature, including, without limitation, a definitive note indenture governed by Alberta law (the " Indenture "), the notes and security documentation (collectively, the " Note Documents ") in form and substance acceptable to the Initial Commitment Parties, acting reasonably. Without limitation, the terms of the Note Documents will include terms requiring approval of 100% of the New 1.5 Lien Noteholders for amendments, modifications or consents to, or waivers of, certain fundamental terms of the Note Documents, such as those items requiring 100% approval under the terms of the Second Lien Note Indenture and the Credit Agreement. In addition, the terms of the Note Documents will include restrictions on other fundamental items, which shall be subject to baskets, repayment obligations and material approval thresholds by the New 1.5 Lien Noteholders, in each case to be agreed upon by the Initial Commitment Parties and the Company (e.g. restrictions on the release of any guarantees or security, negative covenants in respect of the incurrence of additional debt, additional liens, restricted payments, disposition of assets, etc.), each acting reasonably.
Denomination	The New 1.5 Lien Notes will be issued in minimum denominations of \$2,000 principal amount and integral amounts of \$1,000 principal amount in excess thereof. The New 1.5 Lien Notes will be issued in book-entry form only and will be in the form of one or more global certificates, which will be deposited with a trustee mutually acceptable to the Company and the Initial Commitment Parties (each acting reasonably) (the " Note Trustee ").
Conversion	The New 1.5 Lien Notes will be convertible at the holder's option into common shares in the capital of the Company (" Common Shares ") at any time prior to the Maturity Date at a conversion price of \$0.02665 per Common Share (prior to giving effect to the Share Consolidation contemplated by the Recapitalization) (the " Conversion Price "), being a ratio of approximately 37,530 pre-Share Consolidation Common Shares per \$1,000 principal amount of New 1.5 Lien Notes (the " Conversion Privilege "). The Conversion Price shall be subject to standard anti-dilution adjustments upon, among other things, share consolidations, share splits, spin-off events, rights issues, reorganizations and for certain dividends or distributions to holders of Common Shares.
Redemption	The Company shall have no right of redemption.
Repayment	Repayment of the New 1.5 Lien Notes, along with payment of all other New 1.5 Lien Obligations, is due in full on the Maturity Date.
Change of Control	Upon the occurrence of certain changes of control as defined in the Indenture, the Company will be required to offer to repurchase all outstanding New 1.5 Lien Notes at a purchase price equal to 101% of the aggregate principal amount of the New 1.5 Lien Notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase.

NEW 1.5 LIEN NOTES	
Covenants, Representations and Warranties	<p>Usual and customary for a senior secured note issuance (but subject to reasonable and customary exceptions, thresholds and materiality and knowledge qualifiers to be agreed to by the parties specified in the Indenture). In addition and without limiting the foregoing, the Note Documents will include the restriction on debt test in the Second Lien Indenture (although the Investment Grade covenant suspension shall not apply); a prohibition on the issuance of any additional New 1.5 Lien Notes in the future or any other indebtedness ranking senior or pari passu to the New 1.5 Lien Notes in right of payment or security; and a restriction on advances under the Credit Agreement other than by traditional first lien bank lenders or financial institutions similar to those under the Credit Agreement as of the date hereof and on a consistent and similar basis to which they are currently being made as of the date hereof. Any additional permitted first priority bank indebtedness (or any refinancing thereof) incurred by the Company after the date hereof must be borrowed from traditional bank lenders and financial institutions similar to those under the Credit Agreement as of the date hereof, and shall be subject to the terms of the Intercreditor Agreements.</p> <p>In addition thereto, the Company shall be required to obtain the written approval from the Consenting 1.5 Lien Noteholders to effect the following:</p> <ul style="list-style-type: none"> (a) amending the articles, by-laws or other constating documents of the Company or any of the other Obligors; (b) altering or changing the rights, preferences or privileges of the common shares, or creating any class or series of shares on parity with or having preference over the common shares in any manner adverse to any of the New 1.5 Lien Holders; (c) increasing the size of the Board from seven (7) members; (d) making any change of control or similar payment to any director, officer or employee of the Obligors, resulting from the Recapitalization Transaction; and (e) entering into or otherwise acquiescing in any agreement or arrangement containing covenants which restrict the ability of the Company to conduct any business in any material fashion. <p>If one or more 1.5 Lien Nominee Directors (as defined in Schedule "H" to the Commitment Letter) fails to be elected as a director, then in addition to the matters described above, the Company must obtain prior written approval from the Consenting 1.5 Lien Noteholders to effect the following:</p> <ul style="list-style-type: none"> (a) any purchase, acquisition, sale, lease or disposition, through one transaction or a series of related transactions, involving a value, proceeds or cost in excess of CAD\$25 million; and (b) entering into any related party transactions with a value in excess of \$500,000 in the aggregate for any fiscal year of the Borrower.

NEW 1.5 LIEN NOTES	
	<p>The "Consenting 1.5 Lien Noteholders" means New 1.5 Lien Noteholders, holding not less than 66 ²/₃% of the aggregate principal amount of the New 1.5 Lien Notes held by all New 1.5 Lien Noteholders.</p>
Conditions Precedent	<p>Usual and customary for this type of note issuance, including, without limitation, the following:</p> <ul style="list-style-type: none"> (a) all conditions precedent to the Recapitalization Transaction shall have been satisfied, solely except for the filing of the Plan of Arrangement to give effect to the Recapitalization Transaction; (b) the conditional approval of the TSX to the issuance of the common shares issuable pursuant to the New 1.5 Lien Notes; (c) approval from the lenders under the Credit Agreement; (d) the Initial Commitment Parties shall be satisfied, in their sole discretion, that (i) the New 1.5 Lien Obligations shall constitute New First Lien Obligations and First Lien Obligations (in both cases as defined in the Existing Intercreditor Agreement) for all purposes under the Existing Intercreditor Agreement, (ii) the New 1.5 Lien Obligations are permitted secured obligations pursuant to the Existing Intercreditor Agreement, Credit Agreement and Second Lien Notes Indenture, and (iii) the New 1.5 Lien Notes have the security and priority contemplated pursuant to this Term Sheet; (e) customary legal opinions of counsel to the Obligors confirming, among other things, that the Note Documents have been duly authorized, executed and delivered by the Obligors, enforceability, validity and registration of security, and that the terms of the Recapitalization Transaction and the execution and delivery, and performance by the Obligors of their obligations under, the Note Documents do not conflict with the First Lien Credit Agreement, as amended in connection with the Recapitalization Transaction, or the Second Lien Note Indenture; (f) a certificate of a senior officer of each Obligor confirming, among other things, that such officer is not aware of any facts or circumstances that would reasonably be expected to materially and adversely affect the business, prospects or financial condition of the Obligors, or the performance by the Obligors of their obligations under the Note Documents; and (g) other usual and customary closing certificates and documents. <p>Additionally, each subscriber of New 1.5 Lien Notes shall have entered into a support agreement with respect to the Recapitalization Transaction, in a form acceptable to the Company.</p>

NEW 1.5 LIEN NOTES	
Events of Default	Customary events of default for this type of financing transaction. The New 1.5 Lien Notes will automatically become due and payable on the occurrence of customary insolvency, bankruptcy, winding-up, liquidation, reorganization, arrangement and other similar related events of default, or on the election of New 1.5 Lien Noteholders holding not less than 25% of the aggregate principal amount of the New 1.5 Lien Notes during the continuance of any other event of default.
Assignment, Sale and Transfer	The Company shall not assign any of its rights or obligations hereunder. The holders of New 1.5 Lien Notes may sell or transfer their New 1.5 Lien Notes subject to applicable securities laws and any agreements among the holders thereof.
Expenses and Indemnification	All reasonable documented out of pocket expenses incurred by the New 1.5 Lien Noteholders with regard to the negotiation, preparation, closing and enforcement of the Note Documents shall be for the account of the Company. Customary indemnification provisions from the Company and Obligors to be included.
Governing Law	Province of Alberta
DEFINITIONS	
Definitions	<p>"Calfrac LP" means Calfrac Holdings LP, a limited partnership formed under the laws of the State of Delaware.</p> <p>"Credit Agreement" means the Amended and Restated Credit Agreement dated April 30, 2019 between the Company, as borrower, HSBC Bank Canada ("HSBC") and each of the other financial institutions party thereto, as lenders, and HSBC, as Agent (as amended, restated or supplemented from time to time).</p> <p>"Collateral Documents" any other agreements, documents or instruments pursuant to which a lien is granted or purported to be granted to secure any obligations of the Obligors under the Credit Agreement or under which rights or remedies with respect to such liens are granted.</p> <p>"Existing Collateral" means all assets and properties, whether real, personal or mixed, of the Obligors subject to liens in favor of any of Existing Lenders and as created by the Collateral Documents.</p> <p>"Existing Notes" means Second Lien Notes and Senior Unsecured Notes.</p> <p>"Existing Lenders" means the lenders under the Credit Agreement.</p> <p>"Existing Shareholders" means the current holders of Common Shares.</p> <p>"New 1.5 Lien Noteholders" means a holder or holders of the New 1.5 Lien Notes, in their capacity as such.</p>

NEW 1.5 LIEN NOTES	
	<p>“New 1.5 Lien Obligations” means all obligations owing under the New 1.5 Lien Notes and the Note Documents.</p> <p>“Second Lien Note Indenture” the indenture dated February 14, 2020 among Calfrac LP, as issuer of the Second Lien Notes, the Company and Calfrac Well Services Corp., as initial guarantors, and Wilmington Trust, National Association, as trustee</p> <p>“Second Lien Notes” means the 10.875% second lien secured notes of Calfrac LP in the maximum aggregate amount of USD\$120,000,100 due 2026 and issued and outstanding pursuant to the Second Lien Note Indenture (with an outstanding principal amount of USD\$120,000,100).</p> <p>“Senior Unsecured Note Indenture” the indenture dated May 30, 2018 among Calfrac LP, as issuer of the Senior Unsecured Notes, the Company and Calfrac Well Services Corp., as initial guarantors, and Wells Fargo Bank, National Association, as trustee (with an outstanding principal amount of USD\$431,818,000).</p> <p>“Senior Unsecured Notes” means the 8.50% senior unsecured notes of Calfrac LP in the maximum aggregate amount of USD\$650,000,000 due 2026 and issued and outstanding pursuant to the Senior Unsecured Note Indenture.</p>

SCHEDULE "J"
RECAPITALIZATION TERM SHEET

CALFRAC WELL SERVICES LTD.

RECAPITALIZATION TRANSACTION TERM SHEET

SUMMARY OF PRINCIPAL TERMS AND CONDITIONS

This term sheet dated as of July 13, 2020 (the "**Term Sheet**") describes the principal terms of a potential recapitalization transaction to be agreed upon between Calfrac Well Services Ltd., for and on behalf of itself and certain subsidiaries set forth in Schedule A (collectively, the "**Company**"), and the Consenting Noteholders in connection with certain indebtedness of the Company (the "**Recapitalization Transaction**").

Capitalized terms used and not otherwise defined in this Term Sheet shall be as defined in Section 4 of this Term Sheet.

1. RECAPITALIZATION TRANSACTION	
Implementation	The Recapitalization Transaction shall be implemented pursuant to a plan of arrangement (a " Plan ") to be filed under the <i>Canada Business Corporations Act</i> (" CBCA ").
Recapitalization Transaction Summary	<p>Conditional upon and concurrent with the completion of the Recapitalization Transaction, the Company shall complete the New Financing (as defined below).</p> <p>The Recapitalization Transaction shall provide that, pursuant to the Plan:</p> <ul style="list-style-type: none">(a) Each Senior Unsecured Noteholders shall receive its pro rata share (based on face value of the Senior Unsecured Notes) of 86% of the Pro Forma Common Shares;(b) Each Early Consenting Noteholder shall receive its pro rata share (based on face value of the Senior Unsecured Notes of all Early Consenting Noteholders) of 6% of the Pro Forma Common Shares; and(c) The Existing Shareholders shall retain their Common Shares, subject to dilution based on the New Shares, and subject further to the Share Consolidation, which shall equal 8% of the Pro Forma Common Shares, following the Effective Time; <p>in each case, as described in greater detail below, and subject to dilution for the Backstop Shares.</p>
New Financing	The Company shall carry out a new financing of \$60 million aggregate principal amount of New 1.5 Lien Notes (the " New Financing "), issued as set out in a separate New 1.5 Lien Notes Term Sheet, and in accordance with applicable securities laws and under applicable exemptions from prospectus and registration requirements. In connection with the New Financing, pursuant to the Commitment Letter, a backstop commitment fee in the amount of approximately \$1.5 million shall be payable to the Commitment Parties through the issuance of new Common

1. RECAPITALIZATION TRANSACTION	
	Shares at the Conversion Price (as defined in the New 1.5 Lien Notes Term Sheet) (the " Backstop Shares ").
Treatment of Existing Lenders under Credit Agreement	<p>The Credit Agreement shall be amended and restated to:</p> <p>(a) provide relief in respect of the Funded Debt to EBITDA covenant; and</p> <p>(b) reflect such amendments or waivers as are necessary to permit the Recapitalization Transaction and New 1.5 Lien Notes and to reflect the Company's post-Recapitalization Transaction organization and capital structure and liquidity requirements.</p> <p>The Existing Lenders shall be unaffected under the Plan. All aspects of this Term Sheet in respect of the Existing Lenders shall be implemented pursuant to an amendment to the Credit Agreement (the "Credit Agreement Amendment").</p>
Treatment of Second Lien Notes	Each Second Lien Noteholder, in its capacity as such, shall be unaffected by the implementation of the Plan.
Treatment of Senior Unsecured Notes	<p>Pursuant to the Recapitalization Transaction, each Senior Unsecured Noteholder as of the Record Date shall receive at the Effective Time, in full and complete satisfaction of its respective claims under or in respect of the Senior Unsecured Notes and the Senior Unsecured Notes Indenture:</p> <p>(a) such Senior Unsecured Noteholder's pro rata share of a pool of Common Shares representing 86% of the Pro Forma Common Shares; and</p> <p>(b) if such Senior Unsecured Noteholder is an Early Consenting Noteholder, such Senior Unsecured Noteholder's pro rata share (as compared to all Early Consenting Noteholders) of a pool of Common Shares representing 6% of the Pro Forma Common Shares,</p> <p>in each case, subject to dilution for the Backstop Shares.</p>
Treatment of Equity Securities	Existing Shareholders of the Company as of the Record Date shall retain their Common Shares (subject to the Share Consolidation pursuant to the Plan, the " Existing Shareholder Shares "), and subject to dilution resulting from the issuance of the New Shares pursuant to the Plan, which Existing Shareholder Shares shall equal 8% of the Pro Forma Common Shares following the Effective Time, subject to dilution for the Backstop Shares.
Treatment of Employee Obligations	All obligations to employees of the Company (whether for salary, wages, benefits, severance or otherwise) shall be unaffected by the Recapitalization Transaction.

1. RECAPITALIZATION TRANSACTION	
Treatment of Trade Debt	The trade debt obligations of the Company shall be unaffected by the Recapitalization Transaction and shall be paid or satisfied in the ordinary course of business.
Treatment of Equity Incentive Plans	All existing equity incentives shall be treated as follows: (a) all stock options shall be terminated for no consideration, as such options are out-of-the-money; (b) all equity-based PSUs shall vest at the Effective Time in accordance with their terms and be settled in cash for total cash consideration not exceeding \$175,000 and all performance-based PSUs shall be terminated for no consideration; and (c) all DSUs shall continue to exist or be settled for total cash consideration not exceeding \$50,000, in accordance with their terms.
MIP	Up to 10% of the Pro Forma Common Shares shall be reserved for a new management incentive plan (the " MIP "), to be allocated as determined by the Board following implementation of the Plan.
Governance	The composition and size of the Board of the Company following implementation of the Plan shall be acceptable to each of the Majority Commitment Parties, the Majority Initial Consenting Noteholders and as may otherwise be required pursuant to the terms of any Support Agreement or the Commitment Letter.
CBCA Matters	The Company will seek to continue into the federal jurisdiction of Canada under the CBCA (the " Federal Continuance "), and may seek to reduce its stated capital in respect of the Common Shares (the " Stated Capital Reduction ") prior to the implementation of the Plan, in order to implement the Plan pursuant to the CBCA. Pursuant to the <i>Business Corporation Act</i> (Alberta), the Existing Shareholders shall have dissent rights in connection with the Federal Continuance.
Share Consolidation	As a step in the Plan, the Common Shares shall be consolidated (the " Share Consolidation ") using a ratio that is acceptable to the Company, the Majority Commitment Parties, and the Majority Initial Consenting Noteholders, each acting reasonably. No fractional Common Shares will be issued in connection with the Share Consolidation, and any Common Shares to be issued shall be rounded down to the nearest whole number of Common Shares. No compensation will be issued to any shareholder as a result of rounding down, which may result in certain shareholders failing to receive any Common Shares as a result of the Share Consolidation.
Stated Capital Reduction	The Stated Capital Reduction may be required prior to the implementation of the Plan or as a step in the Plan, to ensure that the Company meets CBCA solvency requirements post-Recapitalization Transaction.
Shareholder Rights Plan	The Company, the Initial Commitment Parties and the Majority Initial Consenting Noteholders shall use commercially reasonable efforts to negotiate a customary shareholder rights plan to be adopted by the Company.
Conditions Precedent	Customary closing conditions for a transaction of this type, including but not limited to:

1. RECAPITALIZATION TRANSACTION	
	<p>(a) Board approval of the Recapitalization Transaction;</p> <p>(b) receipt of definitive legal documentation (the "Definitive Documents") implementing the Recapitalization Transaction (including, without limitation, the Plan), which Definitive Documents shall be in form and substance acceptable to the Company, the Majority Commitment Parties, the Majority Initial Consenting Noteholders and as may otherwise be required pursuant to the terms of any Support Agreement;</p> <p>(c) execution of the Credit Agreement Amendment by the Existing Lenders, which Credit Agreement Amendment shall be in form and substance acceptable to the Company, the Majority Commitment Parties, the Majority Initial Consenting Noteholders, each acting reasonably, and as may otherwise be required pursuant to the terms of any Support Agreement;</p> <p>(d) approval of the Recapitalization Transaction by the requisite majorities of Senior Unsecured Noteholders and Existing Shareholders (if required by the Court pursuant to the Interim Order) at one or more meetings to consider the Plan;</p> <p>(e) issuance of new Common Shares necessary to reflect the terms hereof and to allow for the implementation of the Recapitalization Transaction in accordance with this Term Sheet and the Support Agreement in form and substance acceptable to the Company and the Majority Initial Consenting Noteholders;</p> <p>(f) approval of the Plan by the Court;</p> <p>(g) the New Financing shall have been completed prior to or concurrent with the completion of the Recapitalization Transaction pursuant to the terms of the Commitment Letter;</p> <p>(h) the conditional approval of the TSX to the issuance of the common shares upon the conversion of the New 1.5 Lien Notes;</p> <p>(i) all outstanding fees and expenses owed to the Company's advisors and the Ad Hoc Advisor (as defined in the Support Agreement, and in accordance with its written fee agreements with the Company) shall be paid in full;</p> <p>(j) all necessary governmental, regulatory and stock exchange approvals shall have been received on terms and conditions satisfactory to the Company, the Majority Initial Consenting Noteholders and the Initial Commitment Parties, each acting reasonably; and</p> <p>(k) any additional closing conditions set forth in the Support Agreement with the Consenting Noteholders.</p>

1. RECAPITALIZATION TRANSACTION	
Documentation	The Company and its advisors will work cooperatively with the Majority Initial Consenting Noteholders and the Initial Commitment Parties and their respective advisors to prepare and finalize all Definitive Documents (including, without limitation, all Court documents and the Plan) required to implement the Recapitalization Transaction.
Timeline for Implementation	The actions necessary to structure and implement the Recapitalization Transaction will be completed by the Company in accordance with the timelines for the Milestones (as defined in the Support Agreement).
Releases	Those releases contemplated by the Support Agreement shall be provided or effective at closing of the Recapitalization Transaction.
2. OTHER MATTERS	
Fractional Securities	No fractional securities will be issued. Any fractional securities that would otherwise have been issued shall be rounded down to the nearest whole number, with no additional consideration being provided in respect of the rounding down of such fractional securities.
Change of Control	Any change of control provisions contained in any material third party contracts with the Company or any agreement between the Company and any director, officer or employee that may result in the termination of such material contract and/or a material payment by the Company to another party as a result of the completion of the Recapitalization Transaction shall be addressed in a manner acceptable to the Company, the Initial Commitment Parties and the Majority Initial Consenting Noteholders, acting reasonably.
Tax Considerations	The Recapitalization Transaction will be structured in a manner acceptable to the Company, the Initial Commitment Parties and the Majority Initial Consenting Noteholders to effectuate the terms and conditions outlined herein in a tax efficient and acceptable manner for the Company, the Initial Commitment Parties and the Majority Initial Consenting Noteholders.
D&O Insurance	All existing directors and officers insurance coverage and indemnification obligations shall be unaffected by the Recapitalization Transaction and shall continue in effect pursuant to their applicable terms, and shall not be cancelled, terminated or amended in any manner that would decrease or eliminate the benefit provided thereby to any officer or director.
No Admission	Nothing in this Term Sheet is or shall be deemed to be an admission of any kind.
Currency	All amounts in this Term Sheet are in Canadian dollars unless otherwise stated.
Notices	All notices, requests, consents and other communications hereunder shall be contained in a written instrument and may be delivered in person or sent by internationally-recognized overnight courier or email.

1. RECAPITALIZATION TRANSACTION	
Public Announcements	All public announcements in respect of the Recapitalization Transaction shall be made in accordance with the terms of the Support Agreement and the Commitment Letter.
Governing Law	This Term Sheet, the Support Agreement and any other agreement necessary to implement the Recapitalization Transaction shall be governed by the laws of the Province of Alberta and the laws of Canada applicable therein.
3. DEFINITIONS	
Definitions	<p>"Board" means the board of directors of the Company.</p> <p>"Calfrac LP" means Calfrac Holdings LP, a limited partnership formed under the laws of the State of Delaware.</p> <p>"Credit Agreement" means the Amended and Restated Credit Agreement dated April 30, 2019 between Calfrac Well Services Ltd., as borrower, HSBC Bank Canada ("HSBC") and each of the other financial institutions party thereto, as lenders, and HSBC, as Agent (as amended, restated or supplemented from time to time).</p> <p>"Commitment Letter" means the commitment letter dated July 13, 2020 between the Company and the Initial Commitment Parties, in respect of the New Financing.</p> <p>"Common Shares" means common shares in the capital of CWS.</p> <p>"Consenting Noteholders" means Noteholders who enter into a Support Agreement (including by way of a Joinder Agreement) and have complied with their obligations pursuant thereto (up to the Effective Date).</p> <p>"Court" means the Court of Queen's Bench of Alberta.</p> <p>"CWS" means Calfrac Well Services Ltd., a corporation formed under the laws of the Province of Alberta.</p> <p>"Early Consent Date" means a date to be determined by the Initial Consenting Noteholders and the Company, each acting reasonably, but not earlier than 15 days following the Interim Order.</p> <p>"Early Consenting Noteholders" means Noteholders who provide voting instructions to vote in favour the Plan on or prior to the Early Consent Date, and does not withdraw such voting instructions.</p> <p>"Effective Time" means the time at which the Plan becomes effective.</p> <p>"Existing Lenders" means the lenders under the Credit Agreement.</p>

1. RECAPITALIZATION TRANSACTION	
	<p>"Existing Shareholders" means the current holders of Common Shares as of the Record Date.</p> <p>"Initial Commitment Parties" means those Consenting Noteholders (and others) who have executed the Commitment Letter, and are defined as "Initial Commitment Parties" therein.</p> <p>"Initial Consenting Noteholders" means Noteholders who, on or prior to July 13, 2020 entered into the Support Agreement (including by way of a Joinder Agreement), provided that such Initial Consenting Noteholder continues to hold at least 80% of its respective principal amount of Relevant Senior Unsecured Notes as set out on its signature page to the Support Agreement.</p> <p>"Joinder Agreement" means a joinder agreement, the form of which will be appended to the form of Support Agreement, pursuant to which a Noteholder agrees, among other things, to be bound by and subject to the terms of the Support Agreement and thereby become a Consenting Noteholder.</p> <p>"Majority Commitment Parties" has the meaning given to it in the Commitment Letter.</p> <p>"Majority Initial Consenting Noteholders" means Initial Consenting Noteholders holding not less than 66 ²/₃% of the aggregate principal amount of the Senior Unsecured Notes held by all Initial Consenting Noteholders.</p> <p>"New 1.5 Lien Notes" means in aggregate the CAD\$60 million in new 10% PIK interest convertible secured notes to be issued prior to or concurrent with the completion of the Recapitalization Transaction.</p> <p>"New Shares" means all Common Shares of CWS issued to Senior Unsecured Noteholders pursuant to the Plan.</p> <p>"Noteholders" means, collectively, the Senior Unsecured Noteholders.</p> <p>"Proceedings" means the Company's proceedings under the CBCA pursuant to which the Plan shall be implemented.</p> <p>"Pro Forma Common Shares" means all of the issued and outstanding common shares of CWS, as at immediately following the Effective Time and taking into account the Existing Shareholder Shares and the New Shares, but not taking into account the Backstop Shares issued pursuant to the Plan, and subject to dilution pursuant to conversion of the New 1.5 Lien Notes.</p> <p>"Record Date" means July 13, 2020.</p> <p>"Second Lien Noteholders" means a holder or holders of the Second Lien Notes, in their capacity as such.</p>

1. RECAPITALIZATION TRANSACTION	
	<p>"Second Lien Notes" means the 10.875% second lien secured notes of Calfrac LP in the maximum aggregate amount of USD\$120,000,100 due 2026 and issued and outstanding pursuant to the Second Lien Note Indenture.</p> <p>"Second Lien Note Indenture" the indenture dated February 14, 2020 among Calfrac LP, as issuer of the Second Lien Notes, CWS and Calfrac Well Services Corp., as initial guarantors, and Wilmington Trust, National Association, as trustee.</p> <p>"Senior Unsecured Noteholders" means a holder or holders of the Senior Unsecured Notes as of the Record Date.</p> <p>"Senior Unsecured Notes" means the 8.50% senior unsecured notes of Calfrac LP in the maximum aggregate amount of USD\$650,000,000 due 2026 and issued and outstanding pursuant to the Senior Unsecured Note Indenture.</p> <p>"Senior Unsecured Note Indenture" means the indenture dated May 30, 2018 among Calfrac LP, as issuer of the Senior Unsecured Notes, CWS and Calfrac Well Services Corp., as initial guarantors, and Wells Fargo Bank, National Association, as trustee.</p> <p>"Support Agreement" means one or more noteholder support agreements dated on or about July 13, 2020 among the Company and certain Senior Unsecured Noteholders to which this Term Sheet is appended (and including any joinders thereto).</p>

SCHEDULE A
SUBSIDIARIES

ENTITY	JURISDICTION
Calfrac (Canada) Inc.	Alberta
Calfrac Holdings LP	Delaware
Calfrac Well Services Corp.	Colorado