

## AMENDING AGREEMENT

THIS AMENDING AGREEMENT is dated as of the 23<sup>rd</sup> day of September, 2020,

BETWEEN:

**CALFRAC WELL SERVICES LTD.**, a corporation governed by the laws of Alberta ("**Calfrac**")

– and –

**12178711 CANADA INC.**, a corporation incorporated under the laws of Canada ("**ArrangeCo**")

– and –

**CALFRAC (CANADA) INC.**, a corporation incorporated under the laws of Alberta ("**Calfrac GP**")

– and –

**CALFRAC HOLDINGS LP**, a limited partnership governed by the laws of Delaware ("**Calfrac LP**"), by its general partner, Calfrac GP

– and –

**CALFRAC WELL SERVICES CORP.**, a corporation incorporated under the laws of Colorado ("**Calfrac US**", and collectively with Calfrac, ArrangeCo, Calfrac GP and Calfrac LP, the "**Parties**")

**WHEREAS** the Parties entered into an arrangement agreement dated August 7, 2020 (the "**Arrangement Agreement**") in connection with an arrangement (the "**Arrangement**") pursuant to Section 192 of the *Canada Business Corporations Act* (the "**CBCA**"), as set forth in the plan of arrangement (as may be amended, modified and/or supplemented in accordance with its terms, the "**Plan of Arrangement**"), a copy of which is attached to the Arrangement Agreement as Schedule "A";

**AND WHEREAS** the Parties now wish to amend the Plan of Arrangement in accordance with the terms contained in this Agreement.

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto agree that the Arrangement Agreement shall be amended as follows:

1. The Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement is hereby deleted in its entirety and replaced with the Plan of Arrangement attached as Schedule "A" hereto.
2. Except to the extent amended by this Agreement, the Parties to the Arrangement Agreement hereby confirm that the terms and provisions of the Arrangement Agreement shall continue in full force and effect in accordance with the terms thereof.

3. All capitalized terms used in this Agreement, including the recitals and schedules hereto, which are not otherwise defined herein, shall have the meanings ascribed thereto in the Arrangement Agreement.
4. This Agreement will be governed by, interpreted and enforced in accordance with the laws of the province of Alberta and the federal laws of Canada. All questions as to the interpretation or application of this Agreement and all proceedings taken in connection with this Agreement and its provisions shall be subject to the exclusive jurisdiction of the Court.
5. Each of the Parties hereby covenants and agrees that, at any time and from time to time after the date hereof, it will, upon the request of any other party, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances and assurances as may be reasonably required for the better carrying out and performance of all the terms of this Agreement.
6. This Agreement may be executed in any number of counterparts, each of which is and is hereby conclusively deemed to be an original and which counterparts collectively are to be conclusively deemed one instrument. A counterpart may be delivered by facsimile, e-mail or other electronic means, which shall be as effective as hand delivery of the original executed counterpart.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]**

**IN WITNESS WHEREOF** the Parties hereto have executed this Agreement as of the date first written above.

**CALFRAC WELL SERVICES LTD.**

Per: (signed) "Michael Olinek"  
Name: Michael Olinek  
Title: Chief Financial Officer

**12178711 CANADA INC.**

Per: (signed) "Michael Olinek"  
Name: Michael Olinek  
Title: Chief Financial Officer

**CALFRAC (CANADA) INC.**

Per: (signed) "Michael Olinek"  
Name: Michael Olinek  
Title: Chief Financial Officer

**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

**SCHEDULE "A"**

**AMENDED PLAN OF ARRANGEMENT**

[See attached]

**ALBERTA**  
**COURT OF QUEEN'S BENCH**

**IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE  
CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44, AS AMENDED**

**AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF 12178711 CANADA  
INC., CALFRAC WELL SERVICES LTD., CALFRAC (CANADA) INC., CALFRAC  
WELL SERVICES CORP. AND CALFRAC HOLDINGS LP, BY ITS GENERAL  
PARTNER, CALFRAC (CANADA) INC.**

**PLAN OF ARRANGEMENT**

**[•], 2020**

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## PLAN OF ARRANGEMENT

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In this Plan, unless otherwise stated:

"**Ad Hoc Committee**" means the ad hoc committee of certain Senior Unsecured Noteholders represented by Goodmans LLP;

"**Additional Commitment Parties**" means those Senior Unsecured Noteholders that execute a Commitment Joinder Agreement in accordance with the terms of the Commitment Letter, and their permitted assigns, and includes for greater certainty, any Additional Allocated Parties (as defined in the Commitment Letter);

"**Affected Parties**" means the Senior Unsecured Noteholders, the Senior Unsecured Notes Trustee, the Existing Shareholders, the holders of Options issued pursuant to the Stock Option Plan, the holders of PSUs issued pursuant to the PSU Plan, the Existing Equity Holders (other than holders of DSUs issued pursuant to the DSU Plan), the Applicants, the Escrow Agent and the Proxy, Information and Exchange Agent, all of the foregoing each in their capacity as such;

"**Applicants**" means, collectively, ArrangeCo, Calfrac, Calfrac (Canada) Inc., Calfrac Well Services Corp. and Calfrac LP, by its general partner, Calfrac (Canada) Inc.;

"**ArrangeCo**" means 12178711 Canada Inc., a corporation existing under the laws of Canada;

"**Arrangement**" means the arrangement under section 192 of the CBCA on the terms and subject to the conditions set out in this Plan, subject to any amendments, modifications and/or supplements thereto made in accordance with the Arrangement Agreement, the Support Agreement and this Plan, or otherwise with the consent of the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement dated August 7, 2020, among the Applicants, as it may be amended, modified and/or supplemented from time to time, including pursuant to an amending agreement dated September 23, 2020;

"**Articles of Arrangement**" means the articles of arrangement of the Applicants in respect of the Arrangement, in form and substance satisfactory to the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably, that are required to be filed with the CBCA Director in order for the Arrangement to become effective on the Effective Date;

"**Business Day**" any day, other than a Saturday, Sunday or a statutory or civic holiday, on which banks are generally open for business in Calgary, Alberta, New York, New York, and Toronto, Ontario.

"**Calfrac**" means Calfrac Well Services Ltd., a corporation existing under the laws of the Province of Alberta;

"**Calfrac LP**" means Calfrac Holdings LP, a limited partnership formed under the laws of the State of Delaware;

"**Canadian Dollars**" or "\$" means the lawful currency of Canada;

"**Cash Consideration**" means \$0.15 per Common Share held on a pre-Share Consolidation basis;

"**Cash Consideration Election**" has the meaning given to that term in Section 2.5(a);

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended;

"**CBCA Director**" means the Director appointed under section 260 of the CBCA;

"**CBCA Proceedings**" means the proceedings commenced by the Applicants under the CBCA in connection with this Plan;

"**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended;

"**CDS**" means the CDS Clearing and Depository Services Inc. and its successors and assigns;

"**Certificate of Arrangement**" means the certificate giving effect to the Arrangement, to be issued by the CBCA Director pursuant to section 192(7) of the CBCA upon receipt of the Articles of Arrangement in accordance with section 262 of the CBCA;

"**Chapter 15 Proceedings**" means the proceedings commenced by the Applicants with the United States Bankruptcy Court for the Southern District of Texas for recognition of the CBCA Proceedings in the United States, pursuant to chapter 15 of the *United States Bankruptcy Code*;

"**Chapter 15 Recognition Order**" means an order of the United States Bankruptcy Court for the Southern District of Texas recognizing and giving effect to the Plan in the United States and granting ancillary relief, which order shall be in form and substance acceptable to the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably;

"**Circular**" means the management information circular of Calfrac dated August 17, 2020, as it may be amended, modified and/or supplemented from time to time, subject to the terms of the Interim Order or other Order of the Court;

"**Claim**" means any right or claim of any Person that may be asserted or made in whole or in part against the applicable Persons, or any of them, in any capacity, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, whether at law or in equity, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, any legal, statutory, equitable or fiduciary duty), by reason of any right of setoff, counterclaim or recoupment, or by reason of any equity interest, right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and together with any security enforcement costs or legal costs associated with any such claim, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, by guarantee, warranty, surety or otherwise, and whether or not any right or claim is executory or

anticipatory in nature, including any claim made or asserted against the applicable Persons, or any of them, through any affiliate, subsidiary, associated or related Person, or any right or ability of any Person to advance a claim for an accounting, reconciliation, contribution, indemnity, restitution or otherwise with respect to any matter, grievance, action (including any class action or proceeding before an administrative or regulatory tribunal), cause or chose in action, whether existing at present or commenced in the future;

**"Commitment"** means, collectively in respect of each Commitment Party, its Direct Commitment and its Shortfall Commitment;

**"Commitment Consideration Shares"** means such number of post-Share Consolidation Common Shares equal to \$1,500,000 divided by the Conversion Price in effect at the Effective Time, to be issued, in the aggregate, to ArrangeCo, as agent for the Funding Commitment Parties, on the Effective Date in accordance with Section 5.3(g) of this Plan;

**"Commitment Joinder Agreement"** means an agreement substantially in the form of Schedule "G" to the Commitment Letter;

**"Commitment Letter"** means the Commitment Letter dated as of July 13, 2020 among Calfrac, MATCO, G2S2, certain Senior Unsecured Noteholders forming part of the Ad Hoc Committee, and any Additional Commitment Parties that execute a Commitment Joinder Agreement from time to time in accordance with the terms of the Commitment Letter (as amended, restated or supplemented from time to time);

**"Commitment Parties"** means, collectively, the Initial Commitment Parties and the Additional Commitment Parties, and their respective permitted assigns, and "Commitment Party" means any one of them;

**"Commitment Party Funding Deadline"** means 5:00 p.m. on October 23, 2020, or such other date as the Applicants and the Majority Commitment Parties may agree, each acting reasonably;

**"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" to the Commitment Letter, as such pro rata share may be adjusted from time to time pursuant to sections 10(d) or 13(h) of the Commitment Letter;

**"Common Shares"** means common shares in the capital of Calfrac;

**"Consenting Noteholder"** means each Senior Unsecured Noteholder that is party to a Support Agreement (including pursuant to a Support Joinder Agreement) and has complied with its obligations pursuant thereto, including its obligation to vote in favour of the Plan;

**"Conversion Price"** means an amount equal to \$1.3325 per post-Share Consolidation Common Share, being the conversion price under the New 1.5 Lien Note Indenture, and subject to adjustment in accordance therewith;

**"Court"** means the Court of Queen's Bench of Alberta;

**"Depositary"** means Computershare Investor Services Inc.;

**"Direct Commitment"** means, in respect of each Commitment Party, its respective Commitment Pro Rata Share of the Initial Commitment Amount of the New 1.5 Lien Notes;

**"Direct Commitment Funded Amount"** has the meaning given to that term in Section 2.4(b);

**"Direct Commitment Private Placement"** means the private placement of New 1.5 Lien Notes to Commitment Parties in an aggregate amount equal to the Initial Commitment Amount pursuant to Article 2;

**"DSU Plan"** means Calfrac's deferred share unit plan dated October 15, 2004;

**"DSUs"** means deferred share units issued pursuant to the DSU Plan;

**"DTC"** means the Depository Trust Company and its nominees, successors and assigns;

**"Early Consent Date"** means 5:00 p.m. on October 2, 2020, or such later date as the Applicants may determine, in consultation with the Initial Consenting Noteholders;

**"Early Consenting Noteholder New Common Share Pool"** means 2,184,252 post-Share Consolidation Common Shares, subject to the treatment of fractional interests in accordance with Section 5.2(a), representing 75% of the aggregate Existing Shares issued and outstanding immediately prior to the Effective Date (and, for greater certainty, prior to giving effect to the repurchase of Existing Shares pursuant to the Cash Consideration Election described in Section 5.3(b) of this Plan), subject to adjustment in accordance with Section 4.7;

**"Early Consenting Noteholder Pro Rata Share"** means, in respect of an Early Consenting Noteholder, (i) the total principal amount of Senior Unsecured Notes held by that Early Consenting Noteholder as at the Record Date, divided by (ii) the aggregate principal amount of Senior Unsecured Notes held by all Early Consenting Noteholders as at the Record Date;

**"Early Consenting Noteholders"** means the Senior Unsecured Noteholders who, on or prior to the Early Consent Date, provide voting instructions to vote in favour of the Plan and do not subsequently withdraw such voting instructions;

**"Effective Date"** means the date shown on the Certificate of Arrangement issued by the CBCA Director;

**"Effective Time"** means 12:01 a.m. on the Effective Date, or such other time as the Applicants and the Initial Consenting Noteholders may agree, each acting reasonably;

**"Electing Noteholder"** means a beneficial Eligible Noteholder whose Intermediary has submitted a Participation Form (or master Participation Form) on behalf of such Eligible Noteholder in advance of the Participation Deadline in accordance with the terms of this Plan and the Interim Order, and the procedures set out in the Circular and the Participation Form, indicating that it intends to participate in the Pro Rata Offering;

**"Electing Noteholder Amount"** means, as to any Electing Noteholder, the amount of New 1.5 Lien Notes which the Electing Noteholder has elected to subscribe for, but not to exceed an amount equal to its Electing Noteholder Pro Rata Share of the Pro Rata Offering Amount;

**"Electing Noteholder Funded Amount"** has the meaning given to that term in Section 2.4(a);

**"Electing Noteholder Pro Rata Share"** means, in respect of an Electing Noteholder, (i) the total principal amount of Senior Unsecured Notes held by that Electing Noteholder as at the Participation Record Date, divided by (ii) the aggregate principal amount of Senior Unsecured Notes held by all Senior Unsecured Noteholders as at the Participation Record Date;

**"Electing Shareholder"** means a registered Existing Shareholder who has validly exercised its Cash Consideration Election as described in Section 2.5;

**"Election Deadline"** means 5:00 p.m. on October 14, 2020, or such later date as the Applicants and the Initial Consenting Noteholders may agree, each acting reasonably;

**"Eligible Noteholder"** means a Senior Unsecured Noteholder (including any Commitment Party) holding Senior Unsecured Notes as at the Participation Record Date that: (i) if such Person is in the United States, is (A) an institution that is an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the US Securities Act or (B) a "qualified institutional buyer" as defined in Rule 144A ("**Rule 144A**") under the US Securities Act; and (ii) if such Person is resident in Canada or otherwise outside of the United States, is qualified to participate in the Pro Rata Offering in accordance with the Laws of its jurisdiction of residence, including Regulation S under the US Securities Act and it has provided evidence satisfactory to the Applicants to demonstrate such qualification;

**"Employer Entity"** means, in respect of any holder of Equity-Based PSUs, the entity that employs such holder immediately prior to the cancellation of such Equity-Based PSUs pursuant to this Plan, which may be Calfrac or any subsidiary thereof;

**"Equity-Based PSUs"** means equity-based performance share units issued pursuant to the PSU Plan;

**"Escrow Agent"** means Kingsdale Partners LP, or such other escrow agent as may be agreed by the parties to the Escrow Agreement;

**"Escrow Agreement"** means the escrow agreement on customary terms and conditions to be entered into in connection with the Pro Rata Offering and the Direct Commitment Private Placement, in form and substance satisfactory to the Applicants, and the Majority Commitment Parties, each acting reasonably;

**"Existing Equity"** means all Existing Shares and all options, warrants, rights, share units or similar instruments derived from, relating to, or exercisable, convertible or exchangeable therefor, including the awards issued pursuant to the Incentive Plans, but excluding the New 1.5 Lien Notes and the New Common Shares;

**"Existing Equity Holders"** means the holders of any Existing Equity;

**"Existing Lenders"** means the lenders party to the First Lien Credit Agreement;

**"Existing Shareholders"** means holders of the Existing Shares;

**"Existing Shares"** means all Common Shares outstanding immediately prior to the Effective Time;

**"Final Order"** means the Order of the Court approving the Arrangement under section 192 of the CBCA, which shall include such terms as may be necessary or appropriate to give effect to the Arrangement and this Plan, in form and substance satisfactory to the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably;

**"First Lien Agent"** means HSBC Bank Canada, as agent under the First Lien Credit Agreement, and any successor thereof;

**"First Lien Credit Agreement"** means the Amended and Restated Credit Agreement dated April 30, 2019 between Calfrac, as borrower, HSBC Bank Canada and each of the other financial institutions party thereto, as lenders, and the First Lien Agent (as amended, restated or supplemented from time to time);

**"Funded Amounts"** means, collectively, the Electing Noteholder Funded Amount, the Direct Commitment Funded Amount and the Shortfall Commitment Funded Amount;

**"Funding Commitment Party"** means a Commitment Party: (i) in respect of whom the Commitment Letter has not been terminated; and (ii) who has deposited in escrow with the Escrow Agent its Direct Commitment in full in cash by the Commitment Party Funding Deadline and, if applicable, the Shortfall Commitment in full in cash by the Commitment Party Funding Deadline, in accordance with the Commitment Letter and Sections 2.2(b) and 2.3(b) of this Plan;

**"Funding Deadline"** means 5:00 p.m. on October 21, 2020, or such later date as the Applicants and the Majority Commitment Parties may agree, each acting reasonably;

**"Funding Electing Noteholder"** has the meaning given to that term in Section 2.4(a);

**"G2S2"** means G2S2 Capital Inc.;

**"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;

**"Incentive Plans"** means, as applicable, Calfrac's Stock Option Plan, PSU Plan and DSU Plan, in each case, as amended from time to time;

**"Initial Commitment Amount"** means an amount equal to \$45,000,000;

**"Initial Commitment Parties"** means those Persons that entered into the Commitment Letter as of July 13, 2020 as the "Initial Commitment Parties" thereunder, and their permitted assigns;

**"Initial Consenting Noteholders"** means, collectively, the Senior Unsecured Noteholders who are identified as "Initial Consenting Noteholders" in the Support Agreement;

**"Interim Order"** means collectively: (i) the preliminary interim order of the Court in respect of the Applicants granted on July 13, 2020; and (ii) the interim order of the Court in respect of the Applicants granted on August 7, 2020, which, among other things, approves the calling of, and

the date for, the Meetings, as such order may be amended from time to time in a manner acceptable to the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably;

**"Intermediary"** means a broker, custodian, investment dealer, nominee, bank, trust company or other intermediary;

**"Law"** means any law, statute, constitution, treaty, convention, code, injunction, 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;

**"Letter of Transmittal"** means the letter of transmittal and election form to be completed by registered holders of Existing Shares as a condition to receiving such Existing Shareholder's post-Share Consolidation Common Shares, and pursuant to which registered holders of Existing Shares may elect to receive the Cash Consideration in exchange for Existing Shares, pursuant to the Plan;

**"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 of the Commitment Letter) 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 of the Commitment Letter (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 the 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;

**"MATCO"** means MATCO Investments Ltd.;

**"Meetings"** means, collectively, the Senior Unsecured Noteholders' Meeting and the Shareholders' Meeting;

**"New 1.5 Lien Note Documents"** means the New 1.5 Lien Note Indenture and all related guarantee, security, intercreditor agreements and other documents related to the issuance of the New 1.5 Lien Notes;

**"New 1.5 Lien Note Indenture"** means the senior secured note indenture to be entered into between Calfrac, the Obligors and the New 1.5 Lien Note Trustee on the Effective Date on terms substantially as described in the Circular and/or as may otherwise be agreed by the Applicants and the Initial Commitment Parties, each acting reasonably, and which shall govern the New 1.5 Lien Notes and pursuant to which the New 1.5 Lien Notes will be issued;

**"New 1.5 Lien Note Trustee"** means a trustee under the New 1.5 Lien Note Indenture as agreed to by the Applicants and the Initial Commitment Parties, each acting reasonably;

**"New 1.5 Lien Notes"** means in aggregate the \$60,000,000 in new senior secured convertible payment-in-kind notes (comprised of the Initial Commitment Amount and Pro Rata Offering Amount) to be issued on the Effective Date pursuant to this Plan and the New 1.5 Lien Note Indenture;

**"New 1.5 Lien Term Loans"** means loans made to Calfrac by certain Commitment Parties on a several (and not joint, or joint and several) basis in a principal amount equal to the aggregate Cash Consideration payable hereunder, not to exceed \$10,000,000 in the aggregate, to be funded on or prior to the Effective Date;

**"New 1.5 Lien Term Loans Documents"** means the loan agreements and all related guarantee, security, intercreditor agreements and other documents related to the New 1.5 Lien Term Loans;

**"New Common Shares"** means those newly-issued Common Shares to be issued to the Senior Unsecured Noteholders, the Early Consenting Noteholders and Commitment Parties on the Effective Date pursuant to this Plan;

**"Obligations"** means all liabilities, duties and obligations, including without limitation principal and interest, any make whole, redemption or similar premiums, reimbursement obligations, fees, penalties, damages, guarantees, indemnities, costs, expenses or otherwise, and any other liabilities, duties or obligations, whether direct or indirect, absolute or contingent, known or unknown, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the applicable Senior Unsecured Note Document;

**"Obligors"** means, collectively, Calfrac LP and Calfrac Well Services Corp.;

**"Omnibus Incentive Plan"** means a new omnibus incentive plan for Calfrac, acceptable to Calfrac and the Initial Consenting Noteholders, which Omnibus Incentive Plan shall provide for the granting of various types of equity awards, including stock options, share appreciation rights, restricted shares, restricted share units, performance share units, deferred share units and other share-based awards as determined by the board of directors of Calfrac (or the applicable compensation committee) following the Effective Date, and which Omnibus Incentive Plan shall provide for the issuance of Common Shares comprising an aggregate amount not exceeding 10% of the outstanding Common Shares of Calfrac immediately following the completion of the transactions set forth in Section 5.3, as determined from time to time by the board of directors of Calfrac in accordance with such Omnibus Incentive Plan;

**"Options"** means options to acquire Common Shares of Calfrac which are outstanding under the Stock Option Plan immediately prior to the Effective Time;

**"Order"** means any order entered by the Court in the CBCA Proceedings or the Chapter 15 Proceedings;

**"Outside Date"** has the meaning given to such term in the Support Agreement;

**"Participation Deadline"** means 5:00 p.m. on September 11, 2020, or such later date as the Applicants and the Majority Commitment Parties may agree, each acting reasonably;

**"Participation Form"** means the participation form to be circulated to Senior Unsecured Noteholders pursuant to the Interim Order and completed and submitted by such Eligible Noteholders (or their respective Intermediaries on their behalf) in advance of the Participation Deadline in order to make certain acknowledgments, agreements and certifications (as applicable to the applicable Eligible Noteholder) required to participate in the Pro Rata Offering;

**"Participation Record Date"** means 12:00 p.m. on August 24, 2020;

**"Person"** means an individual, a corporation, a partnership, a limited liability company, organization, trustee, executor, administrator, a trust, an unincorporated association, a Governmental Entity or any agency, instrumentality or political subdivision of a Governmental Entity, or any other entity or body;

**"Plan"** means this plan of arrangement and any amendments, modifications and/or supplements hereto made in accordance with the terms hereof;

**"Pro Rata Offering"** means the offering of New 1.5 Lien Notes to Eligible Noteholders in an aggregate amount equal to the Pro Rata Offering Amount pursuant to Article 2;

**"Pro Rata Offering Amount"** means an amount equal to \$15,000,000;

**"Proxy, Information and Exchange Agent"** means Kingsdale Advisors;

**"PSU Plan"** means Calfrac's performance share unit plan dated October 15, 2004;

**"PSUs"** means all performance share units issued pursuant to the PSU Plan, including Equity-Based PSUs, and which are outstanding under the PSU Plan immediately prior to the Effective Time;

**"Record Date"** means August 10, 2020;

**"Released Claims"** means, collectively, the matters that are subject to release and discharge pursuant to Section 6.1;

**"Released Parties"** means, collectively, the Applicants, the Existing Shareholders, the Commitment Parties, the Electing Noteholders, the Consenting Noteholders, the Senior Unsecured Notes Trustee, the Existing Lenders, the First Lien Agent, the Escrow Agent, the Proxy, Information and Exchange Agent and each of the foregoing Persons' respective principals, members, managed accounts or funds, fund advisors, current and former directors and officers, employees, financial and other advisors, legal counsel and agents, all of the foregoing each in their capacity as such;

**"Second Lien Note Documents"** means, collectively, the Second Lien Note Indenture, the Second Lien Notes, and all other documentation related to the foregoing or governing the Second Lien Notes;

**"Second Lien Note Indenture"** the indenture dated February 14, 2020, among Calfrac LP, as issuer of the Second Lien Notes, Calfrac and Calfrac Well Services Corp., as initial guarantors, and the Second Lien Notes Trustee;

**"Second Lien Noteholders"** means a holder or holders of the Second Lien Notes, in their capacity as such;

**"Second Lien Notes"** means the 10.875% second lien secured notes of Calfrac LP in the maximum aggregate amount of US\$120,000,100 due 2026 and issued and outstanding pursuant to the Second Lien Note Indenture;

**"Second Lien Notes Trustee"** means Wilmington Trust, National Association, in its capacity as trustee under the Second Lien Note Indenture, and any successor thereof;

**"Senior Unsecured Note Documents"** means, collectively, the Senior Unsecured Note Indenture, the Senior Unsecured Notes, and all other documentation related to the foregoing or governing the Senior Unsecured Notes;

**"Senior Unsecured Note Indenture"** means the indenture dated May 30, 2018, among Calfrac LP, as issuer of the Senior Unsecured Notes, Calfrac and Calfrac Well Services Corp., as initial guarantors, and the Senior Unsecured Notes Trustee;

**"Senior Unsecured Noteholder Claims"** means all outstanding Obligations owing by any Person, whether as issuer, guarantor or otherwise, with respect to the Senior Unsecured Notes or the Senior Unsecured Note Indenture as at the Effective Date, including, without limitation, all outstanding principal, accrued and unpaid interest at the applicable contract rate, and any fees and other payments (including any applicable prepayment and/or make-whole amounts) as at the Effective Date;

**"Senior Unsecured Noteholder New Common Share Pool"** means 31,307,618 post-Share Consolidation Common Shares, subject to the treatment of fractional interests in accordance with Section 5.2(a), representing 1,075% of the aggregate Existing Shares issued and outstanding immediately prior to the Effective Date (and, for greater certainty, prior to giving effect to the repurchase of Existing Shares pursuant to the Cash Consideration Election described in Section 5.3(b) of this Plan), subject to adjustment in accordance with Section 4.7;

**"Senior Unsecured Noteholder Pro Rata Share"** means, in respect of a Senior Unsecured Noteholder, (i) the total principal amount of Senior Unsecured Notes held by that Senior Unsecured Noteholder as at immediately prior to the Effective Time, divided by (ii) the aggregate principal amount of Senior Unsecured Notes held by all Senior Unsecured Noteholders as at immediately prior to the Effective Time;

**"Senior Unsecured Noteholders"** means holders of Senior Unsecured Notes (including, as the context requires, beneficial holders of Senior Unsecured Notes);

**"Senior Unsecured Noteholders' Arrangement Resolution"** means the resolution of the Senior Unsecured Noteholders relating to the Arrangement to be considered at the Senior Unsecured Noteholders' Meeting, substantially in the form attached as Appendix "A" to the Circular;

**"Senior Unsecured Noteholders' Meeting"** means the meeting of the Senior Unsecured Noteholders as of the Record Date called and held pursuant to the Interim Order for the purpose of considering and voting on the Senior Unsecured Noteholders' Arrangement Resolution and to consider such other matters as may properly come before such meeting and includes any adjournment(s) or postponement(s) of such meeting;

**"Senior Unsecured Notes"** means the 8.50% senior unsecured notes of Calfrac LP in the maximum aggregate amount of US\$650,000,000 due 2026 and issued and outstanding pursuant to the Senior Unsecured Note Indenture;

**"Senior Unsecured Notes Trustee"** means the Bank of Oklahoma, as trustee, in its capacity as trustee under the Senior Unsecured Note Indenture, and any successor thereof;

**"Share Consolidation"** has the meaning given to such term in Section 5.3(a);

**"Shareholders' Arrangement Resolution"** means the resolution of the Existing Shareholders relating to the Arrangement to be considered at the Shareholders' Meeting, substantially in the form attached as Appendix "B" to the Circular;

**"Shareholders' Meeting"** means the meeting of the Existing Shareholders as of the Record Date called and held pursuant to the Interim Order for the purpose of considering and voting on the Shareholders' Arrangement Resolution and to consider such other matters as may properly come before such meeting and includes any adjournment(s) or postponement(s) of such meeting;

**"Shortfall Amount"** means the Pro Rata Offering Amount, less the aggregate Electing Noteholder Amounts which have been funded to and received by the Escrow Agent by the Funding Deadline by all Electing Noteholders;

**"Shortfall Commitment"** means: (i) in respect of each Commitment Party (other than G2S2 and MATCO), its respective Commitment Pro Rata Share of the Shortfall Amount; and (ii) in respect of G2S2, the remaining Shortfall Amount after application of (i) above;

**"Shortfall Commitment Funded Amount"** has the meaning given to that term in Section 2.4(b);

**"Stock Option Plan"** means Calfrac's stock option plan approved by the directors on December 5, 2017, and by the shareholders on May 9, 2017;

**"Subscription Privilege"** means the non-transferable right of an Eligible Noteholder to participate in the Pro Rata Offering by electing, in accordance with the provisions of the Participation Form, to subscribe for and purchase from Calfrac up to its Electing Noteholder Pro Rata Share of the Pro Rata Offering Amount;

**"Support Agreement"** means, collectively, the support agreements (including all schedules attached thereto) among Calfrac and the Senior Unsecured Noteholders party thereto dated July 13, 2020, as such agreements may be amended, modified and/or supplemented from time to time;

**"Support Joinder Agreement"** means a joinder agreement, the form of which is appended to the form of Support Agreement, pursuant to which a Senior Unsecured Noteholder agrees, among other things, to be bound by and subject to the terms of the Support Agreement and thereby become a Consenting Noteholder thereunder;

**"Transfer Agent"** means Computershare Trust Company of Canada;

**"US\$" means the lawful currency of the United States of America;**

**"US Securities Act"** means the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder, or any successor statute;

**"Warrant Agent"** means Computershare Trust Company of Canada, in its capacity as warrant agent under the Warrant Indenture;

**"Warrant Indenture"** means a warrant indenture governing the Warrants to be dated as of the Effective Date between Calfrac and the Warrant Agent, in form and substance acceptable to Calfrac and the Initial Consenting Noteholders, each acting reasonably, and which shall govern the Warrants and pursuant to which the Warrants will be issued; and

**"Warrants"** means common share purchase warrants of Calfrac to be issued to the Existing Shareholders pursuant to Section 5.3(a) of this Plan and pursuant to the Warrant Indenture, with each Warrant exercisable for one pre-Share Consolidation Common Share for a period of three (3) years following the Effective Date, with an exercise price of \$0.05 per pre-Share Consolidation Common Share, provided that such Warrants shall be subject to consolidation in accordance with Section 5.3(c).

## **1.2 Certain Rules of Interpretation**

For the purposes of this Plan:

- (a) Unless otherwise expressly provided herein, any reference in this Plan to an instrument, agreement or an Order or an existing document or exhibit filed or to be filed means such instrument, agreement, Order, document or exhibit as it may have been or may be amended, modified, restated or supplemented in accordance with its terms;
- (b) The division of this Plan into articles and sections is for convenience of reference only and does not affect the construction or interpretation of this Plan, nor are the descriptive headings of articles and sections intended as complete or accurate descriptions of the content thereof;
- (c) The use of words in the singular or plural, or with a particular gender, including a definition, shall not limit the scope or exclude the application of any provision of this Plan to such Person (or Persons) or circumstances as the context otherwise permits;
- (d) The words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes but is not limited to" and "including but not limited to", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (e) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends;
- (f) Unless otherwise provided, any reference to a statute or other enactment of parliament, a legislature or other Governmental Entity includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;
- (g) References to a specific Recital, Article or Section shall, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specific Recital, Article or Section of this Plan, whereas the terms "this Plan", "hereof", "herein", "hereto", "hereunder" and similar expressions shall be deemed to refer generally to this Plan and not to any particular Recital, Article, Section or other portion of this Plan and include any documents supplemental hereto; and
- (h) The word "or" is not exclusive.

### **1.3 Governing Law**

This Plan shall be governed by and construed in accordance with the laws of Alberta and the federal laws of Canada applicable therein. All questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

### **1.4 Currency**

Unless otherwise stated, all references in this Plan to sums of money are expressed in, and all payments provided for herein shall be made in, Canadian Dollars.

### **1.5 Date for Any Action**

If the date on which any action is required to be taken hereunder by a Person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

### **1.6 Time**

Time shall be of the essence in this Plan. Unless otherwise specified, all references to time expressed in this Plan and in any document issued in connection with this Plan mean local time in Calgary, Alberta, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. local time in Calgary, Alberta on such Business Day.

## **ARTICLE 2 ELECTIONS AND PRO RATA OFFERING**

### **2.1 Election to Participate In The Pro Rata Offering**

- (a) Each Eligible Noteholder (including any Commitment Parties who are also Senior Unsecured Noteholders) shall have the right, but not the obligation, to participate in the Pro Rata Offering and to irrevocably elect to exercise its Subscription Privilege, provided that participation in the Pro Rata Offering shall be subject to, among other things, the terms of this Plan, the Interim Order and the Participation Form, conditioned upon the implementation of this Plan and effective on the Effective Date in accordance with Section 5.3(e).
- (b) Pursuant to and in accordance with the Interim Order, the Applicants shall deliver (or cause to be delivered) a Participation Form to DTC, as the sole registered holder of the Senior Unsecured Notes. DTC shall, in accordance with its customary procedures, cause to be delivered through the Intermediaries to each beneficial Senior Unsecured Noteholder information pertaining to an electronic version of the Participation Form through a DTC bulletin and establish a voluntary corporate action pursuant to DTC's Automated Subscription Offer Program ("**ASOP**") or any similar program which provides each Senior Unsecured Noteholder with the opportunity to exercise its Subscription Privilege.
- (c) In order to exercise its Subscription Privilege, an Eligible Noteholder must complete and submit the Senior Unsecured Noteholder's Participation Form prior to the Participation Deadline (or such earlier deadline as its Intermediary advise), and fund its respective Electing Noteholder Amount such that it is received by the Escrow Agent by the Funding

Deadline, in each case in accordance with the procedures set forth in the Interim Order, the Circular and the Participation Form.

## 2.2 Funding of Direct Commitment Private Placement

- (a) Each Commitment Party, on or prior to the Commitment Party Funding Deadline (or such earlier deadline as the Intermediary may advise), must either:
  - (i) forward its Direct Commitment to its Intermediary, payable by direct debit from the Commitment Party's brokerage account or by electronic funds transfer or other payment mechanism satisfactory to such Intermediary, sufficiently in advance of the Commitment Party Funding Deadline to allow the Intermediary to properly fund such Commitment Party's Direct Commitment on such Commitment Party's behalf; or
  - (ii) forward its Direct Commitment directly to the Escrow Agent so that it is received by the Escrow Agent by no later the Commitment Party Funding Deadline.
- (b) Each Intermediary representing a Commitment Party that receives a Direct Commitment payment from the Commitment Party pursuant to Section 2.2(a)(i) must deposit, on behalf of such Commitment Party, its aggregate Direct Commitment so that it is received by the Escrow Agent by no later than the Commitment Party Funding Deadline.

## 2.3 Funding of Shortfall Amount

- (a) As soon as practicable and in any event no later than the day following the Funding Deadline, the Applicants shall or shall direct the Proxy, Information and Exchange Agent to inform in writing (which may include by e-mail) each Commitment Party of: (i) the Shortfall Amount; (ii) the amount of New 1.5 Lien Notes to be acquired by each Commitment Party pursuant to its Shortfall Commitment; and (iii) the amount of the Shortfall Commitment required to be deposited in cash in escrow with the Escrow Agent by such Commitment Party by the Commitment Party Funding Deadline in order to purchase such Commitment Party's New 1.5 Lien Notes on account of its Shortfall Commitment pursuant to the Commitment Letter.
- (b) Each Commitment Party (or its Intermediary as directed by such Commitment Party) must deposit its Shortfall Commitment in escrow with the Escrow Agent so that it is received by the Escrow Agent by no later than the Commitment Party Funding Deadline.

## 2.4 Subscription and Issuance of New 1.5 Lien Notes

- (a) Each Electing Noteholder that complies (including by way of actions to be completed by its Intermediary, as applicable) with Section 2.1(c) (each a "**Funding Electing Noteholder**") shall be deemed to have subscribed for New 1.5 Lien Notes in an amount equal to the Electing Noteholder Amount deposited in escrow with the Escrow Agent in accordance with Section 2.1(c) (the "**Electing Noteholder Funded Amount**").
- (b) Each Funding Commitment Party shall participate in the Direct Commitment Private Placement and shall be deemed to have subscribed for New 1.5 Lien Notes in an amount equal to the Direct Commitment deposited in escrow with the Escrow Agent in accordance with Section 2.2(b) (the "**Direct Commitment Funded Amount**"), and, if

applicable shall be deemed to have subscribed for New 1.5 Lien Notes in an amount equal to the Shortfall Commitment deposited in escrow with the Escrow Agent in accordance with Section 2.3(b) (the "**Shortfall Commitment Funded Amount**").

- (c) On the Effective Date:
  - (i) Calfrac shall cause to be issued and delivered to each Intermediary representing (A) Funding Electing Noteholders, the applicable amount of New 1.5 Lien Notes to be distributed to such Funding Electing Noteholders, and (B) Funding Commitment Parties, the applicable amount of New 1.5 Lien Notes to be distributed to such Funding Commitment Parties, in each case in accordance with Section 5.3(e); and
  - (ii) the Commitment Consideration Shares shall be issued to ArrangeCo, as agent for Commitment Parties, in accordance with Section 5.3(g).

## **2.5 Shareholders' Election to Receive Cash Consideration**

- (a) Each registered Existing Shareholder shall be entitled to elect, prior to the Election Deadline, to assign and transfer all or any portion of the Existing Shares held by such registered Existing Shareholder to Calfrac for cancellation in exchange for the Cash Consideration for each Common Share so assigned and transferred, pursuant to Section 5.3(b), and subject to pro rata as described in Section 2.5(b) (the "**Cash Consideration Election**"). The Cash Consideration Election shall only be considered valid if the registered Existing Shareholder exercising such election deposits with the Depository a duly completed and executed Letter of Transmittal, with such election indicated therein, along with any such additional documents and instruments as the Depository may reasonably require and set forth in the Letter of Transmittal, prior to the Election Deadline. Any Letter of Transmittal, once deposited with the Depository, will be considered irrevocable and may not be withdrawn by an Existing Shareholder after such deposit.
- (b) No more than an aggregate of \$10,000,000 in Cash Consideration shall be paid to Existing Shareholders who validly exercise their Cash Consideration Election to participate in the repurchase of Existing Shares pursuant to Section 5.3(b). In the event that Electing Shareholders elect to receive more than \$10,000,000 in aggregate Cash Consideration, then an adjustment shall be made so that each Electing Shareholder will be deemed to have exercised its Cash Consideration Election in respect of a reduced number of Existing Shares (rounded down to the nearest whole number) equal to:
  - (i) such number of Existing Shares for which such Electing Shareholder has exercised the Cash Consideration Election, as set out in the applicable Letter of Transmittal; multiplied by
  - (ii) a fraction, the numerator of which shall be \$10,000,000, and the denominator of which shall be the aggregate Cash Consideration which all Electing Shareholders have elected to receive pursuant to pursuant to Section 5.3(b) of this Plan.
- (c) Any Existing Shares for which the applicable Existing Shareholder has not exercised its Cash Consideration Election, including:

- (i) Existing Shares for which the applicable Existing Shareholder has failed to deposit with the Depository a duly completed and executed Letter of Transmittal, as described in Section 2.5(a) on or prior to the Election Deadline; and
- (ii) Existing Shares which are deemed not to be subject to the Cash Consideration Election as a result of the adjustment described in Section 2.5(b);

shall, in each case, be retained by the applicable Existing Shareholder, subject to the Share Consolidation in accordance with Section 5.3(a) of this Plan and the treatment of fractional interests in accordance with Section 5.2 of this Plan.

### **ARTICLE 3 TREATMENT OF AFFECTED PARTIES**

#### **3.1 Treatment of Senior Unsecured Noteholders**

- (a) On the Effective Date, and in accordance with the times, steps and in the sequence set forth in Section 5.3, each Senior Unsecured Noteholder shall receive:
  - (i) its Senior Unsecured Noteholder Pro Rata Share of the Senior Unsecured Noteholder New Common Share Pool; and
  - (ii) if such Senior Unsecured Noteholder is an Early Consenting Noteholder, its Early Consenting Noteholder Pro Rata Share of the Early Consenting Noteholder New Common Share Pool;

all of which shall, and shall be deemed to, be received in full and final settlement of its Senior Unsecured Notes and Senior Unsecured Noteholder Claims.

- (b) On the Effective Date, the Senior Unsecured Noteholder Claims shall, and shall be deemed to, have been irrevocably and finally extinguished; each Senior Unsecured Noteholder shall have no further right, title or interest in or to the Senior Unsecured Notes or its Senior Unsecured Noteholder Claim; and the Senior Unsecured Notes, the Senior Unsecured Note Indenture and any and all related Senior Unsecured Note Documents shall be cancelled and terminated pursuant to this Plan.
- (c) The reasonable and documented outstanding fees, expenses and disbursements of the Senior Unsecured Notes Trustee, including for clarity the reasonable and documented outstanding fees, expenses and disbursements of legal counsel to the Senior Unsecured Notes Trustee pursuant to the terms of the Senior Unsecured Note Indenture, shall be paid in full in cash by Calfrac pursuant to the Senior Unsecured Note Indenture.
- (d) All references to the principal amount of the Senior Unsecured Notes or the Senior Unsecured Noteholder Claims contained in this Plan shall refer to the principal amount of such Senior Unsecured Notes or the Senior Unsecured Noteholder Claims excluding any make-whole premiums, redemption premiums or other similar premiums.

#### **3.2 Treatment of Existing Equity Holders**

- (a) Each Existing Shareholder shall:

- (i) be provided with the opportunity to elect, prior to the Election Deadline, for Calfrac to repurchase all or any portion of the Existing Shares held by such Existing Shareholder for the Cash Consideration per Common Share, as further described in and subject to the terms of Section 2.5;
  - (ii) retain its Existing Shares not repurchased pursuant to Sections 2.5 and 5.3(b), and subject to the Share Consolidation in accordance with Section 5.3(a) and the treatment of fractional interests in accordance with Section 5.2; and
  - (iii) receive, for each Existing Share held, two (2) Warrants, subject to the treatment of fractional Warrants pursuant to Section 5.2(d) and consolidation in accordance with Section 5.3(c).
- (b) The Stock Option Plan and the underlying Options shall be terminated and cancelled pursuant to Section 5.3(h) of this Plan.
  - (c) The PSU Plan and the underlying PSUs shall be terminated and cancelled pursuant to Section 5.3(i) of this Plan.
  - (d) All Existing Equity other than the Existing Shares, the Options and the PSUs (which shall be affected by this Plan as set forth in this Section 3.2) and the DSUs (which shall be unaffected by this Plan as set forth in Section 3.4(b)) shall be terminated and cancelled at the Effective Time for no consideration.

### **3.3 Treatment of Funding Electing Noteholders and Funding Commitment Parties**

- (a) On the Effective Date and in accordance with the steps and sequences set forth in Section 5.3, each Funding Electing Noteholder shall receive its New 1.5 Lien Notes based on its Electing Noteholder Funded Amount and each Funding Commitment Party shall receive its New 1.5 Lien Notes based on its Direct Commitment Funded Amount and, if applicable, its Shortfall Commitment Funded Amount.
- (b) Each Funding Commitment Party shall be entitled to its pro rata share (based on its respective Shortfall Commitment as compared to the Shortfall Commitment of all Funding Commitment Parties) of the Commitment Consideration Shares, to be distributed pursuant to Section 4.2(d), and subject to the treatment of fractional interests in accordance with Section 5.2(a).

### **3.4 Unaffected Parties**

- (a) This Plan and the Arrangement Agreement shall not, and shall not be deemed to, affect the Existing Lenders, the First Lien Agent, the Second Lien Noteholders or the Second Lien Notes Trustee, solely in such capacities, or any of Calfrac's obligations under or in respect of the First Lien Credit Agreement or the Second Lien Note Indenture.
- (b) This Plan and the Arrangement Agreement shall not, and shall not be deemed to affect, the DSU Plan and the underlying DSUs.

### **3.5 Securities Law Matters**

The Applicants intend that the issuance and distribution, pursuant to this Plan, of:

- (a) Common Shares issued in exchange for the Senior Unsecured Notes pursuant to Section 5.3(d) this Plan will be: (i) exempt from prospectus requirements of Canadian securities legislation, to the extent applicable, pursuant to Section 2.11 of National Instrument 45-106 – Prospectus and Registration Exemptions of the Canadian Securities Administrators; and (ii) exempt from the registration requirements of the US Securities Act pursuant to section 3(a)(10) thereof;
- (b) Common Shares issued upon conversion of the New 1.5 Lien Notes shall be exempt from prospectus requirements of Canadian securities legislation, to the extent applicable, pursuant to Section 2.11 of National Instrument 45-106 – Prospectus and Registration Exemptions of the Canadian Securities Administrators;
- (c) the New 1.5 Lien Notes have not been and will not be registered under the US Securities Act, or the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the US Securities Act. The Applicants shall notify all Eligible Noteholders (and Electing Noteholders shall agree) that the New 1.5 Lien Notes may not be converted into Common Shares (any such Common Shares issuable upon conversion of the New 1.5 Lien Notes, the "**Underlying Shares**") by any Person in the United States (nor will certificates representing Underlying Shares be issued upon conversion of the New 1.5 Lien Notes be registered or delivered to any Person in the United States or to any Person exercising for the account or benefit of a Person in the United States) unless such Underlying Shares have been registered under the US Securities Act and the applicable securities laws of any state of the United States or an exemption from such registration requirements is available; and
- (d) Warrants issued to Existing Shareholders pursuant to Section 5.3(a) of this Plan (and consolidated in accordance with Section 5.3(c)) will be: (i) exempt from prospectus requirements of Canadian securities legislation, to the extent applicable, pursuant to Section 2.11 of National Instrument 45-106 – Prospectus and Registration Exemptions of the Canadian Securities Administrators; and (ii) exempt from the registration requirements of the US Securities Act pursuant to section 3(a)(10) thereof.

#### **ARTICLE 4 ISSUANCES, DISTRIBUTIONS AND PAYMENTS**

##### **4.1 Delivery of New Common Shares**

- (a) On the Effective Date, all New Common Shares (including the Commitment Consideration Shares) issued in connection with this Plan shall be deemed to be duly authorized, validly issued, fully paid and non-assessable.
- (b) On the Effective Date, Calfrac shall deliver a treasury direction to the Transfer Agent that directs the Transfer Agent to issue all of the New Common Shares to be issued and distributed under this Plan and direct the Transfer Agent to use its commercially reasonable efforts to cause the New Common Shares under this Plan to be distributed by no later than the second Business Day following the Effective Date (or such other date as the Applicants and the Majority Commitment Parties may agree, each acting reasonably).
- (c) The delivery of New Common Shares issued pursuant to this Plan shall be made:

- (i) in respect of Senior Unsecured Noteholders that are entitled to receive New Common Shares under this Plan and who are able to receive New Common Shares through DTC, as of the Record Date, through the facilities of DTC, to Intermediaries who, in turn, will make delivery of the New Common Shares to the ultimate beneficial recipients thereof pursuant to standing instructions and customary practices of DTC;
- (ii) in respect of any Senior Unsecured Noteholder that is entitled to receive New Common Shares under this Plan, has withdrawn its Senior Unsecured Notes from DTC, and holds such Senior Unsecured Notes in registered form, by providing either (A) Direct Registration System advices or confirmations or (B) certificated shares, as elected by such holder in consultation with Calfrac, in the name of the applicable recipient thereof (or its Intermediary) and registered electronically in Calfrac's records which will be maintained by the Transfer Agent; and
- (iii) in respect of the Commitment Consideration Shares to be issued to the Commitment Parties, in accordance with Section 4.2.

#### **4.2 Delivery of Commitment Consideration Shares**

- (a) Prior to the Effective Date, each Commitment Party shall provide registration and delivery instructions with respect to the Commitment Consideration Shares to which it is entitled pursuant to Section 3.3(b).
- (b) On the Effective Date and in accordance with Section 5.3(g), the Commitment Consideration Shares will be issued to ArrangeCo, as agent for the Funding Commitment Parties, to be dealt with in accordance with this Section 4.2.
- (c) Within three Business Days following the Effective Date, ArrangeCo, in its capacity as agent in connection with the Commitment Consideration Shares, and with the assistance of the Proxy, Information and Exchange Agent, shall determine the entitlement of each Funding Commitment Parties pursuant to Section 3.3(b).
- (d) On the fifth Business Day following the Effective Date, ArrangeCo, in its capacity as agent in connection with the Commitment Consideration Shares, shall transfer and convey the Commitment Consideration Shares (and the Transfer Agent shall be deemed instructed to transfer and convey such Commitment Consideration Shares to) to the Funding Commitment Parties in accordance with the registration and delivery instructions provided pursuant to Section 4.2(a), subject to the treatment of fractional interests in accordance with Section 5.2(a). Following such distribution, any Commitment Consideration Shares remaining with ArrangeCo due to the treatment of fractional interests in accordance with Section 5.2(a) shall be cancelled for no consideration.

#### **4.3 Delivery of Post-Share Consolidation Common Shares**

After the Effective Date and following delivery to the Depository of a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depository may require, each registered Existing Shareholder shall be entitled to receive in exchange therefor, and the Depository shall deliver to such Existing Shareholder, Direct Registration System advices evidencing the post-Share Consolidation Common Shares, or certificated post-Share Consolidation Common Shares, to which the

Existing Shareholder's Existing Shares are and are deemed to be consolidated pursuant to Section 5.3(a) of this Plan.

#### **4.4 Delivery of New 1.5 Lien Notes**

- (a) The delivery of the New 1.5 Lien Notes shall be made by way of book entry to Intermediaries in respect of the aggregate New 1.5 Lien Notes that Funding Electing Noteholders and Funding Commitment Parties that have an account with each such Intermediary are entitled to pursuant to this Plan, and such Intermediary, in turn, will make delivery of such New 1.5 Lien Notes to the Funding Electing Noteholders and/or the Funding Commitment Parties, as applicable, as contemplated by Section 5.3(e) pursuant to the instructions received by the Intermediaries and customary practices of CDS, DTC or such other depository as agreed by the Applicants and the Initial Commitment Parties.
- (b) None of the Applicants nor the New 1.5 Lien Note Trustee shall have any liability or obligation in respect of any deliveries of the New 1.5 Lien Notes from CDS, DTC or such other depository as agreed by the Applicants and the Initial Commitment Parties or the Intermediaries to the Funding Electing Noteholders or the Funding Commitment Parties, as applicable.

#### **4.5 Delivery of PSU Consideration**

As soon as practicable after the Effective Date, Calfrac shall pay the amounts, net of applicable withholdings, to be paid to holders of Equity-Based PSUs either: (i) pursuant to the normal payroll practices and procedures of Calfrac; or (ii) in the event that payment pursuant to the normal payroll practices and procedures of Calfrac is not practicable for any such holder, by cheque (delivered to such holder of Equity-Based PSUs as reflected on the register maintained by or on behalf of Calfrac in respect of the Equity-Based PSUs).

#### **4.6 Delivery of Warrants**

On the Effective Date, Calfrac shall deliver a direction to the Warrant Agent directing Warrant Agent to issue all of the Warrants to be issued and distributed under this Plan and to use its commercially reasonable efforts to cause the Warrants to be issued to CDS, DTC and to the registered holders, as applicable, on behalf of the Existing Shareholders, in accordance with the instructions set forth in such direction.

#### **4.7 Payment of Cash Consideration**

As soon as practicable after the Effective Date and following delivery to the Depository of a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depository may require, including the certificate or certificates, if any, representing the applicable Common Shares, for each Electing Shareholder who has validly exercised its Cash Consideration Election, Calfrac shall cause the Depository to either: (a) forward or cause to be forwarded by first class mail (postage prepaid) to such Electing Shareholder at the address specified in the Letter of Transmittal; or (b) if requested by such Electing Shareholder in the Letter of Transmittal, make available or cause to be made available at the Depository for pickup by such Electing Shareholder, a certified cheque, bank draft or other form of immediately available funds representing the Cash Consideration that such Electing Shareholder is entitled to receive under Section 5.3(b), less any amounts withheld pursuant to Section 4.12.

#### **4.8 Adjustment**

The number of New Common Shares comprising: (i) the Senior Unsecured Noteholder New Common Share Pool to be issued to Senior Unsecured Noteholders pursuant to Section 5.3(d)(i)(A); and (ii) the Early Consenting Noteholder New Common Share Pool to be issued to Early Consenting Noteholders pursuant to Section 5.3(d)(i)(B) shall be equal to 1,075% and 75%, respectively, of the aggregate number of Existing Shares issued and outstanding immediately prior to Effective Date, calculated on a post-Share Consolidation basis and, for greater certainty, prior to giving effect to the repurchase of Existing Shares pursuant to the Cash Consideration Election described in Section 5.3(b) of this Plan. If the number of Common Shares issued and outstanding immediately prior to Effective Date is not 145,616,827 (or 2,912,336 on a post- Share Consolidation basis), then the Senior Unsecured Noteholder New Common Share Pool and the Early Consenting Noteholder New Common Share Pool shall be adjusted to ensure that the number of Common Shares issued to Senior Unsecured Noteholders pursuant to Section 5.3(d)(i)(A) and to Early Consenting Noteholders pursuant to Section 5.3(d)(i)(B) shall be equal to 1,075% and 75%, respectively, of the aggregate number of Existing Shares which are issued and outstanding immediately prior to Effective Date, calculated on a post-Share Consolidation basis.

#### **4.9 No Liability in respect of Deliveries**

- (a) None of the Applicants, nor their respective directors or officers, shall have any liability or obligation in respect of any deliveries, directly or indirectly, from, as applicable, (i) the Senior Unsecured Notes Trustee, (ii) DTC, (iii) CDS or (iv) the Intermediaries, in each case to the ultimate beneficial recipients of any consideration payable or deliverable by the Applicants pursuant to this Plan.
- (b) The Senior Unsecured Notes Trustee shall not incur, and is hereby released from, any liability as a result of carrying out any provisions of this Plan and any actions related or incidental thereto, save and except for any gross negligence or wilful misconduct on its part (as determined by a final, non-appealable judgment of a court of competent jurisdiction). On the Effective Date after the completion of the transactions set forth in Section 5.3, all duties and responsibilities of the Senior Unsecured Notes Trustee arising under or related to the Senior Unsecured Notes shall be discharged except to the extent required in order to effectuate this Plan.

#### **4.10 Surrender and Cancellation of Notes**

On the Effective Date, DTC (or its nominee) (as registered holder of the Senior Unsecured Notes on behalf of the Senior Unsecured Noteholders) and each other Person who holds Senior Unsecured Notes in registered form on the Effective Date shall surrender, or cause the surrender of, the certificate(s) representing the Senior Unsecured Notes to the Senior Unsecured Notes Trustee for cancellation in exchange for the consideration payable to Senior Unsecured Noteholders pursuant to Section 3.1.

#### **4.11 Application of Plan Distributions**

All amounts paid or payable hereunder on account of the Senior Unsecured Noteholder Claims (including, for greater certainty, any securities received hereunder) shall be applied as follows: (i) first, in respect of the principal amount of the Obligations to which such Senior Unsecured Noteholder Claims relate (including for U.S. federal income tax purposes); and (ii) second, only after the principal amount of the Obligations has been paid, in respect of any other Obligations to which such Senior Unsecured Noteholder Claims relate, including accrued but unpaid interest, default interest and make-whole amounts.

#### **4.12 Withholding Rights**

The Applicants and the Depository shall be entitled to deduct and withhold from any consideration or other amount deliverable or otherwise payable to any Person hereunder such amounts as the Applicants or the Depository may be required or permitted to deduct or withhold with respect to such payment under the *Income Tax Act* (Canada), or any provision of any applicable federal, provincial, state, local or foreign tax law or treaty, in each case, as amended, provided that any such right to deduct or withhold shall not otherwise change or modify the Applicants' obligations in respect of withholding taxes under the terms of the Senior Unsecured Note Indenture and any and all related Senior Unsecured Note Documents. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes hereof as having been paid to the relevant Person in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Entity by the Applicants or the Depository, as applicable.

### **ARTICLE 5 IMPLEMENTATION**

#### **5.1 Corporate Authorizations**

The adoption, execution, delivery, implementation and consummation of all matters contemplated under this Plan involving corporate action of any of the Applicants will occur and be effective as of the Effective Date (or such other date as the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties may agree, each acting reasonably), and will be authorized and approved under this Plan and by the Court, where appropriate, as part of the Final Order, in all respects and for all purposes without any requirement of further action by shareholders, directors or officers of the Applicants. All necessary approvals to take actions shall be deemed to have been obtained from the directors or the shareholders of the Applicants, as applicable.

#### **5.2 Fractional Interests**

- (a) No fractional Common Shares shall be issued under this Plan, including any fractional interests created as a result of the Share Consolidation, and fractional share interests shall not entitle the owner thereof to vote or to any rights of a holder of Common Shares. Any legal, equitable, contractual and any other rights or claims (whether actual or contingent, and whether or not previously asserted) of any Person with respect to fractional Common Shares pursuant to this Plan shall be rounded down to the nearest whole number of Common Shares without compensation therefor.
- (b) All payments made in cash pursuant to this Plan shall be made in minimum increments of \$0.01, and the amount of any payments to which a Person may be entitled to under this Plan shall be rounded down to the nearest multiple of \$0.01.
- (c) The New 1.5 Lien Notes issued pursuant to this Plan shall be issued in minimum increments of \$1,000, and the amount of New 1.5 Lien Notes that each Eligible Noteholder shall be entitled to under this Plan shall in each case be rounded down to the nearest multiple of \$1,000.
- (d) No fractional Warrants shall be issued under this Plan. Any legal, equitable, contractual and any other rights or claims (whether actual or contingent, and whether or not previously asserted) of any Person with respect to fractional Warrants pursuant to this

Plan shall be rounded down to the nearest whole number of Warrants without compensation therefor.

### 5.3 Effective Date Transactions

Commencing at the Effective Time, the following events or transactions will occur, or be deemed to have occurred and be taken and effected, in the following order in five minute increments (unless otherwise indicated) and at the times set out in this Section 5.3 (or in such other manner or order or at such other time or times as the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties may agree, each acting reasonably), without any further act or formality required on the part of any Person, except as may be expressly provided herein:

- (a) Calfrac shall cause the Warrants to be issued and distributed to the Existing Shareholders, and each Existing Shareholder shall receive, for each Existing Share held immediately prior to the Effective Time, two (2) Warrants.
- (b) Each Existing Share for which an Electing Shareholder has validly exercised its Cash Consideration Election to receive the Cash Consideration pursuant to Section 2.5 of this Plan, subject to pro ration in accordance with Section 2.5(b), shall be assigned and transferred by such Electing Shareholder to Calfrac, free of any claims or encumbrances, in exchange for payment by Calfrac to such Electing Shareholder of the Cash Consideration, payable in accordance with Section 4.7, and such Electing Shareholder shall cease to be the holder of such transferred Existing Shares and to have any rights as a holder of such Existing Shares other than the right to be paid the Cash Consideration in accordance with this Plan. Any Common Shares assigned and transferred to Calfrac pursuant to this Section 5.3(b) shall be cancelled.
- (c) (i) The remaining Existing Shares following the cancellation of the Existing Shares assigned and transferred to Calfrac by Electing Shareholders pursuant to Section 5.3(b) shall be, and shall be deemed to be, consolidated (the "**Share Consolidation**") on the basis of one (1) Common Share on a post-consolidation basis for every fifty (50) Common Shares outstanding immediately prior to the Effective Time; and (ii) the Warrants issued pursuant to 5.3(a) shall be, and shall be deemed to be, consolidated on the basis one (1) Warrant on a post-consolidation basis for every fifty (50) Warrants issued pursuant to 5.3(a), with such consolidated Warrants exercisable for one post-Share Consolidation Common Share with an exercise price of \$2.50 per post-Share Consolidation Common Share. Any fractional interests in the consolidated Common Shares and Warrants will, without any further act or formality, be cancelled without payment of any consideration therefor. Notwithstanding any provision of the CBCA, immediately following the completion of the Share Consolidation, the stated capital of the Common Shares shall be equal to the stated capital of the Common Shares immediately prior to the Share Consolidation.
- (d) The following shall occur concurrently:
  - (i) in exchange for the Senior Unsecured Notes issued by Calfrac LP, and in full and final settlement of the Senior Unsecured Noteholder Claims, Calfrac (for the benefit and on behalf of Calfrac LP) shall issue to each Senior Unsecured Noteholder:

- (A) its Senior Unsecured Noteholder Pro Rata Share of the Senior Unsecured Noteholder New Common Share Pool; and
- (B) if such Senior Unsecured Noteholder is an Early Consenting Noteholder, its Early Consenting Noteholder Pro Rata Share of the Early Consenting Noteholder New Common Share Pool;

and Calfrac shall add an amount (the "**Stated Capital Amount**") to the stated capital account maintained in respect of the New Common Shares equal to the lesser of: (i) the fair market value on the Effective Date of the New Common Shares issued to Senior Unsecured Noteholders pursuant to this Section 5.3(b); and (ii) the aggregate principal amount and accrued interest of the Senior Unsecured Notes as at the Effective Date, and the price for which the Senior Unsecured Notes are extinguished under this Plan shall be equal to the amount added to the stated capital account in respect of the issuance of the New Common Shares issued pursuant to this Section 5.3(d)(i);

- (ii) the Senior Unsecured Noteholder Claims shall, and shall be deemed to be, irrevocably and finally extinguished and the Senior Unsecured Noteholders shall have no further right, title or interest in and to the Senior Unsecured Notes or their respective Senior Unsecured Noteholder Claims;
  - (iii) the Senior Unsecured Notes, the Senior Unsecured Note Indenture and any and all other related Senior Unsecured Note Documents shall be cancelled;
  - (iv) in consideration for the New Common Shares issued to Senior Unsecured Noteholders by Calfrac for the benefit and on behalf of Calfrac LP pursuant to Section 5.3(d)(i), Calfrac shall be deemed to have made a capital contribution to, and subscribed for partnership units in, Calfrac LP, such capital contribution consisting of the New Common Shares and in an amount equal to the Stated Capital Amount; and
  - (v) Calfrac LP shall add the Stated Capital Amount to the partnership capital account maintained for Calfrac.
- (e) The following shall occur concurrently (unless otherwise indicated):
- (i) the Applicants shall become entitled to the Funded Amounts deposited in escrow with the Escrow Agent pursuant to Sections 2.1(c), 2.2 and 2.3(b), subject to Article 7, and the Escrow Agent shall be deemed instructed to release to Calfrac the Funded Amounts held by the Escrow Agent;
  - (ii) Calfrac, the Obligors and the New 1.5 Lien Note Trustee shall enter into the New 1.5 Lien Note Documents in form and substance acceptable to the Applicants and the Initial Commitment Parties, each acting reasonably;
  - (iii) Calfrac shall issue or cause to be issued to each Funding Electing Noteholder its New 1.5 Lien Notes in consideration for its Electing Noteholder Funded Amount; and

- (iv) Calfrac shall issue or cause to be issued to each Funding Commitment Party its New 1.5 Lien Notes in consideration for its Direct Commitment Funded Amount and, if applicable, its Shortfall Commitment Funded Amount.
- (f) The articles of ArrangeCo shall be amended to include the following restrictions on the business that ArrangeCo may carry on effective as of the Effective Date:

"The business that the Corporation may carry on shall be limited to the activities and operations necessary or desirable to hold, as agent for and on behalf of the Funding Commitment Parties, the Commitment Consideration Shares under the plan of arrangement of the Corporation, Calfrac Well Services Ltd., Calfrac (Canada) Inc., Calfrac Well Services Corp. and Calfrac Holdings LP, by its general partner, Calfrac (Canada) Inc. (the "**Plan of Arrangement**"), pursuant to the terms of the Plan of Arrangement, and to carry out such other roles as may be required by such Plan of Arrangement or any court orders related to such Plan of Arrangement. These restrictions shall not prejudice the ability of the Corporation to sell, dispose or otherwise transact with respect to assets or property held by the Corporation as of the date on which these restrictions were added to the articles of the Corporation."
- (g) Calfrac shall issue to ArrangeCo the Commitment Consideration Shares, to be subsequently allocated among and transferred to the Funding Commitment Parties based on each Funding Commitment Party's pro rata share (based on its respective Shortfall Commitment as compared to the Shortfall Commitment of all Funding Commitment Parties), subject to the treatment of fractional interests in accordance with Section 5.2(a).
- (h) The Stock Option Plan shall terminate, and all underlying Options shall be cancelled for no consideration.
- (i) The following shall occur concurrently (unless otherwise indicated):
  - (i) Each Equity-Based PSU outstanding immediately prior to the Effective Time (whether vested or unvested) shall, in accordance with the terms of the PSU Plan, and without any further action by or on behalf of a holder of Equity-Based PSUs, be deemed to be vested and each holder of such Equity-Based PSU shall receive, for each Equity-Based PSU, from the applicable Employer Entity, a cash payment equal to the 5-day volume weighted average trading price of the Common Shares on the Toronto Stock Exchange immediately prior to the Effective Date (less any applicable withholding tax or other source deductions), provided that the aggregate payments to holders of Equity-Based PSUs shall not exceed \$175,000.
  - (ii) The PSU Plan shall terminate, and all underlying PSUs (including all Equity-Based PSUs) shall be cancelled for no consideration (except as set forth in Section 5.3(i)(i) above).
- (j) All remaining Existing Equity other than the Existing Shares, the New Common Shares and the DSUs (which shall be unaffected by this Plan as set forth in Section 3.4(b)) shall be terminated and cancelled for no consideration.
- (k) The releases referred to in Sections 6.1 and 6.2 shall become effective.

- (l) ArrangeCo shall transfer all of its assets (other than the Commitment Consideration Shares) to Calfrac in consideration for a non-interest bearing promissory note issued by Calfrac in a principal amount equal to the value of the transferred assets.
- (m) The Omnibus Incentive Plan shall be deemed to be approved by all of the Existing Shareholders and those Persons receiving New Common Shares pursuant to this Plan.
- (n) The stated capital account for the Common Shares of Calfrac shall be reduced [to/by] \$[●] and a corresponding increase be made to Calfrac's contributed surplus account. **[note: to be completed prior to Effective Date] [NTD: May be \$1.00 if no stated capital reduction is required.]**

#### **5.4 Transfers Free and Clear**

Any transfer of any securities pursuant to the Arrangement will be free and clear of any hypothecs, liens, Claims, encumbrances, charges, adverse interests or security interests.

#### **5.5 Undeliverable Distributions**

To the extent that an Existing Shareholder has not delivered a Letter of Transmittal to the Depositary (in accordance with Section 4.3) on or before the date that is six (6) years less one Business Day after the Effective Date (the "**Final Proscription Date**"), then any right or claim to post-Share Consolidation Common Shares hereunder that remains outstanding on the Final Proscription Date shall cease to represent a right or claim of any kind or nature and the right of the applicable Existing Shareholder to receive its post-Share Consolidation Common Shares or any other consideration pursuant to the Arrangement shall terminate and be deemed to be surrendered and forfeited to Calfrac for no consideration.

### **ARTICLE 6 RELEASES**

#### **6.1 Release of Released Parties**

At the applicable time pursuant to Section 5.3, each of the Released Parties shall be forever and irrevocably released and discharged from any and all present and future actions, causes of action, damages, judgments, executions, obligations, liabilities and Claims of any kind or nature whatsoever arising on or prior to the Effective Date in connection with the Senior Unsecured Notes, the Senior Unsecured Note Indenture, the Support Agreement, the Existing Shares, the Arrangement, the Arrangement Agreement, this Plan, the CBCA Proceedings, the Chapter 15 Proceedings and any other proceedings commenced with respect to or in connection with this Plan, the transactions contemplated hereunder (including, without limitation, the issuance of the New Common Shares and the New 1.5 Lien Notes and the execution of the New 1.5 Lien Note Documents and the New 1.5 Lien Term Loans Documents), and any other actions, agreements, documents or matters related directly or indirectly to the foregoing, provided that nothing in this paragraph shall release or discharge any Released Party:

- (a) from or in respect of their respective obligations under this Plan, the Support Agreement, the Commitment Letter or any Order or document ancillary to any of the foregoing;
- (b) from liabilities or Claims attributable to such Released Party's fraud, gross negligence or wilful misconduct, as determined by the final, non-appealable judgment of the Court; or

- (c) from any and all present and future actions, causes of action, damages, judgments, executions, obligations and Claims of any kind or nature whatsoever arising or in existence on or prior to the Effective Date and relating to any such Released Party other than in respect of their respective roles as a Released Party, provided further that nothing herein shall release any Claims of the Applicants as asserted in Court File Number 1801-07588, in the Court of Queen's Bench of Alberta, Judicial Centre of Calgary.

The foregoing release shall not be construed to prohibit a party in interest from seeking to enforce the terms of this Plan or any contract or agreement entered into pursuant to, in connection with or contemplated by this Plan.

## **6.2 Release by Affected Parties**

Without limiting Section 6.1, at the applicable time pursuant to Section 5.3, each Affected Party shall, and shall be deemed to, irrevocably and forever release any right to challenge, contest, dispute or seek to set aside, amend or vary the Arrangement, this Plan, the transactions contemplated hereunder or the securities and indebtedness of the Applicants in effect immediately following the Effective Time (including, without limitation, the obligations, priorities and entitlements in respect of the First Lien Credit Agreement, the New 1.5 Lien Notes and the New 1.5 Lien Note Documents, the New 1.5 Lien Term Loans and the New 1.5 Lien Term Loans Documents, the Second Lien Notes and the Second Lien Note Documents and the New Common Shares), and all Affected Parties shall be permanently enjoined from asserting or proceeding with any Claim, directly or indirectly, in respect of the foregoing.

## **6.3 Injunctions**

All Persons are permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Date, with respect to any and all Released Claims, from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any Claim, action, suits, demands or other proceedings of any nature or kind whatsoever of any Person against the Released Parties, as applicable; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties; (iii) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the Released Parties or their property; or (iv) taking any actions to interfere with the implementation or consummation of this Plan or the transactions contemplated hereunder; provided, however, that the foregoing shall not apply to the enforcement of any obligations under this Plan or any document, instrument or agreement executed to implement, or otherwise to be executed and delivered in connection with, this Plan.

# **ARTICLE 7 RELEASE OF FUNDS FROM ESCROW**

## **7.1 Release of Funds from Escrow**

The Escrow Agent shall release the Funded Amounts, or portions thereof, as follows and in accordance with the terms of the Escrow Agreement:

- (a) On the Effective Date, the Escrow Agent shall release from escrow to Calfrac, at the applicable time, the Funded Amounts, together with all interest accrued thereon, pursuant to and in accordance with Section 5.3(e)(i).
- (b) If this Plan is terminated for any reason (including, without limitation, as a result of the termination of the Support Agreement or the Commitment Letter) or not implemented in

accordance with the terms hereof by the Outside Date (as such date may be extended by the Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably), the Escrow Agent shall as soon as practicable return all Funded Amounts to the applicable Intermediaries of the Funding Electing Noteholders and the Funding Commitment Parties, as applicable, together with all interest accrued thereon.

- (c) If the Commitment Letter is terminated in respect of any particular Commitment Party, the Escrow Agent shall, at the request of such Commitment Party, return to such Commitment Party all Funded Amounts deposited with the Escrow Agent by or on behalf of such Commitment Party, together with all interest accrued thereon.
- (d) If any Intermediary representing a Funding Electing Noteholder or Funding Commitment Party provides to the Escrow Agent more than its applicable Electing Noteholder Amounts or Commitment, as applicable, under this Plan, the Escrow Agent shall as soon as practicable return any excess funds to such Intermediary or Funding Commitment Party, as applicable, together with all interest accrued thereon.

## **ARTICLE 8 CONDITIONS PRECEDENT AND IMPLEMENTATION**

### **8.1 Conditions to Plan Implementation**

The implementation of this Plan shall be conditional upon the fulfilment, satisfaction or waiver (to the extent permitted by Section 8.2) of the following conditions:

- (a) the Plan shall have been approved by the requisite majorities of Senior Unsecured Noteholders and Existing Shareholders in conformity with the Interim Order as and to the extent required by the Court;
- (b) this Plan shall have been approved pursuant to the Final Order;
- (c) if determined necessary by the Applicants, acting reasonably, after consultation with the Initial Consenting Noteholders, the Final Order shall have been recognized pursuant to a Chapter 15 Recognition Order;
- (d) the Final Order and the Chapter 15 Recognition Order (if determined necessary by the Applicants, acting reasonably, after consultation with the Initial Consenting Noteholders) shall not be subject to appeal or an application for leave to appeal, and all applicable appeal periods in respect of the Final Order and the Chapter 15 Recognition Order shall have expired;
- (e) all conditions to implementation of the Plan set out in the Support Agreement shall have been satisfied or waived in accordance with the terms of the Support Agreement, and the Support Agreement shall not have been terminated;
- (f) all conditions to the funding commitments of the Commitment Parties set out in the Commitment Letter shall have been satisfied or waived in accordance with the terms of the Commitment Letter, and the Commitment Letter shall not have been terminated;
- (g) the Applicants shall not have entered into any settlement in respect of any outstanding litigation (including the proceedings bearing Court File Number 1801-07588 in the Court

of Queen's Bench of Alberta, Judicial Centre of Calgary) or with any Person involved in or subject to such litigation without the prior consent of the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably; and

- (h) the Applicants shall not have amended or modified the Second Lien Note Indenture in any material fashion or made any payment to Second Lien Noteholders, other than the payment of regularly scheduled interest, without the prior consent of the Initial Consenting Noteholders and the Majority Commitment Parties, each acting reasonably.

## **8.2 Waiver of Conditions**

The Applicants, the Initial Consenting Noteholders and the Majority Commitment Parties may at any time and from time to time waive the fulfillment or satisfaction, in whole or in part, of the conditions set out in Section 8.1, to the extent and on such terms as the parties may agree, in writing, provided however that the conditions set out in Sections 8.1(a) and 8.1(b) cannot be waived, Section 8.1(e) can only be waived by the Applicants and the Initial Consenting Noteholders and Section 8.1(f) can only be waived by the Applicants and the Majority Commitment Parties.

## **8.3 Effectiveness**

This Plan will become effective in the sequence described in Section 5.3 on the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, and shall be binding on and enure to the benefit of the Applicants, the Senior Unsecured Noteholders, the Senior Unsecured Note Trustee, all Existing Equity Holders, the Released Parties and all other Persons named or referred to in, or subject to, this Plan and their respective successors and assigns and their respective heirs, executors, administrators and other legal representatives, successors and assigns. The Articles of Arrangement shall be filed and the Certificate of Arrangement shall be issued in each case with respect to the Arrangement in its entirety. The Certificate of Arrangement shall be conclusive evidence that the Arrangement has become effective and that each of the provisions in Section 5.3 has become effective in the sequence set forth therein. No portion of this Plan shall take effect with respect to any party or Person until the Effective Time.

## **8.4 Effect of Non-Occurrence of Conditions to Plan Implementation**

If the Effective Date does not occur on or before the termination of the Support Agreement, then, subject to Section 8.5: (a) this Plan shall be null and void in all respects; (b) any settlement or compromise embodied in this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null and void; and (c) the Applicants' obligations with respect to the Obligations, Senior Unsecured Note Documents and Senior Unsecured Noteholder Claims shall remain unchanged and nothing contained in this Plan shall constitute or be deemed a waiver or release of any Senior Unsecured Noteholder Claims.

## **8.5 Effect of Senior Unsecured Noteholders' Arrangement Resolution**

If the Senior Unsecured Noteholders' Arrangement Resolution is approved by the requisite majority of Senior Unsecured Noteholders at the Senior Unsecured Noteholders' Meeting and this Plan is not implemented for any reason other than as a result of the termination of the Support Agreement or the Commitment Letter, then, subject to the terms of the Support Agreement and the Commitment Letter, (a) the procedures for voting by Senior Unsecured Noteholders at the Senior Unsecured Noteholders' Meeting, the entitlements of Early Consenting Noteholders, and all other similar matters shall continue to apply in the event that proceedings are commenced under the CCAA, (b) any votes cast in favour of the Senior Unsecured Noteholders' Arrangement Resolution at the Senior Unsecured Noteholders' Meeting may be counted in favour of a resolution of the Senior Unsecured Noteholders approving the

Arrangement under a proceedings under the CCAA without the requirement for a further vote of Senior Unsecured Noteholders under the CCAA, and (c) this Plan may serve as the form of plan of arrangement under the CCAA with any corresponding amendments agreed to by the Applicants, the Initial Consenting Noteholders, the Initial Commitment Parties and the Majority Commitment Parties (as applicable in accordance with the terms of the Support Agreement and the Commitment Letter) in order for the Arrangement to be implemented pursuant to the CCAA.

## **ARTICLE 9 GENERAL**

### **9.1 Deemed Consents, Waivers and Agreements**

At the Effective Time:

- (a) each Senior Unsecured Noteholder, Commitment Party and Existing Shareholder shall be deemed to have consented and agreed to all of the provisions of this Plan in its entirety;
- (b) each Applicant, Senior Unsecured Noteholder, Commitment Party, Existing Shareholder and Existing Equity Holder shall be deemed to have executed and delivered to the other parties all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety; and
- (c) all consents, releases, assignments and waivers, statutory or otherwise, required from any Person to implement and carry out this Plan in its entirety shall be deemed to have been executed and delivered to the Applicants.

### **9.2 Waiver of Defaults**

From and after the Effective Time, all Affected Parties shall be deemed to have consented and agreed to all of the provisions of this Plan in its entirety. Without limiting the foregoing, from and after the Effective Time, all Affected Parties shall be deemed to have:

- (a) waived any and all defaults or events of default, or any non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, instrument, credit document, note, indenture, lease, licence, guarantee, agreement for sale or other agreement, written or oral, in each case relating to, arising out of, or in connection with, the Obligations, the Senior Unsecured Note Documents, the Support Agreement, the Arrangement, the Arrangement Agreement, this Plan, the transactions contemplated hereunder, the CBCA Proceedings, the Chapter 15 Proceedings and any other proceedings commenced with respect to or in connection with this Plan and any and all amendments or supplements thereto. Any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection with any of the foregoing shall be deemed to have been rescinded and of no further force or effect, provided that nothing shall be deemed to excuse the Applicants and their respective successors and assigns from performing their obligations under this Plan or any contract or agreement entered into pursuant to, in connection with, or contemplated by, this Plan, including, without limitation, the Support Agreement; and
- (b) agreed that if there is any conflict between the provisions of any agreement or other arrangement, written or oral, existing between such Person and any of the Applicants prior to the Effective Date (excluding the First Lien Credit Agreement and the Loan

Documents (as defined in the First Lien Credit Agreement)) and the provisions of this Plan, then the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement are deemed to be amended accordingly,

provided, however, that notwithstanding any other provision of this Plan, nothing herein shall affect the obligations of any of the Applicants to any employee thereof in their capacity as such, including any contract of employment between any Person and any of the Applicants.

### **9.3 Compliance with Deadlines**

The Applicants shall have the right with the consent of the Majority Commitment Parties to waive strict compliance with Early Consent Date, the Participation Deadline, the Funding Deadline or the Commitment Party Funding Deadline, along with any other deadlines for the submissions of forms or other documentation pursuant to this Plan, and shall be entitled to waive any deficiencies with respect to any forms or other documentation submitted pursuant to this Plan.

### **9.4 Paramountcy**

From and after the Effective Date, any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, by-laws or other agreement, written or oral, and any and all amendments or supplements thereto existing between one or more of the Senior Unsecured Noteholders and any of the Applicants with respect to the Senior Unsecured Note Documents as at the Effective Date shall be deemed to be governed by the terms, conditions and provisions of this Plan and the Final Order, which shall take precedence and priority.

### **9.5 Deeming Provisions**

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

### **9.6 Modification of Plan**

Subject to the terms and conditions of the Support Agreement and the Commitment Letter, including any notices, consents and deliveries required thereunder:

- (a) the Applicants reserve the right to amend, restate, modify and/or supplement this Plan at any time and from time to time, provided that (except as provided in subsection (c) below) any such amendment, restatement, modification or supplement must be contained in a written document that is: (i) acceptable to the Initial Consenting Noteholders, acting reasonably; (ii) filed with the Court and, if made following the Meetings, approved by the Court; and (iii) communicated to the Senior Unsecured Noteholders and Existing Shareholders in the manner required by the Court (if so required);
- (b) any amendment, modification or supplement to this Plan may be proposed by the Applicants at any time prior to or at the Meetings, with or without any prior notice or communication (other than as may be required under the Interim Order), and if so proposed and accepted at the Meetings, shall become part of this Plan for all purposes; and
- (c) any amendment, modification or supplement to this Plan may be made following the Meetings by the Applicants, without requiring filing with, or approval of, the Court,

provided that it concerns a matter which is of an administrative nature and is required to better give effect to the implementation of this Plan and is not materially adverse to the financial or economic interests of any of the Senior Unsecured Noteholders or Existing Shareholders.

## 9.7 Notices

Any notice or other communication to be delivered hereunder must be in writing and refer to this Plan and may, as hereinafter provided, be made or given by personal delivery, ordinary mail or email addressed to the respective parties as follows:

- (a) if to the Applicants, at:

Calfrac Well Services Ltd.  
Suite 500, 407 – 8th Avenue SW  
Calgary, Alberta T2P 1E5

Attention: Jeff Ellis  
Email: [jellis@calfrac.com](mailto:jellis@calfrac.com)

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

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

Attention: Kevin Zych and Brent Kraus  
Email: [zychk@bennettjones.com](mailto:zychk@bennettjones.com); [krausb@bennettjones.com](mailto:krausb@bennettjones.com)

- (b) if to any of the Initial Consenting Noteholders, at the applicable address set forth for each Initial Consenting Noteholder in the Support Agreement; and
- (c) if to any of the Commitment Parties, at the applicable address set forth for each Commitment Party in the Commitment Letter.

or to such other address as any party above may from time to time notify the others in accordance with this Section 9.7. In the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by email and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been given or made. Any such notices and communications so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of emailing, provided that such day in either event is a Business Day and the communication is so delivered or emailed before 5:00 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. The unintentional failure by the Applicants to give a notice contemplated hereunder to any particular Senior Unsecured Noteholder or Existing Shareholder shall not invalidate this Plan or any action taken by any Person pursuant to this Plan.

## **9.8 Further Assurances**

Notwithstanding that the transactions and events set out herein will occur and be deemed to occur in the order set out in this Plan without any further act or formality, subject to the terms of the Support Agreement, each of the Persons named or referred to in, affected by or subject to, this Plan will make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them to carry out the full intent and meaning of this Plan and to give effect to the transactions contemplated herein.