

Calfrac Announces Amended Recapitalization Transaction with Improved Economics and Optionality for Shareholders; Meeting Date Postponed to Permit Securityholders to Consider Amended Terms; Calfrac Board Unanimously Rejects Wilks Brothers' Offer and Recommends Shareholders Not Tender; Files Directors' Circular Recommending AGAINST Wilks Brothers' Offer

- *Calfrac's Amended Recapitalization Transaction is the best alternative for Shareholders. It remains the only transaction being voted on at the upcoming Meetings and the only transaction capable of implementation. Today's amendments provide Shareholders with significantly improved economics, optionality and certainty*
- *Shareholders can elect to receive \$0.15 in cash per Common Share AND receive two Warrants*
- *Alternatively, Shareholders can elect to retain their Common Shares AND receive two Warrants*
- *Each Warrant entitles the Shareholder to purchase one Common Share of Calfrac for a period of three years at a price of \$0.05 per Common share (on a pre-consolidation basis)*
- *Calfrac's Senior Unsecured Noteholders, to whom Calfrac is indebted in the amount of US\$431.8 million in principal, plus accrued interest, continue to support the Amended Recapitalization Transaction*
- *The Amended Recapitalization Transaction preserves Calfrac's independence, as well as its ability to pursue and consummate future value-enhancing or change of control transactions, in more advantageous market conditions. The issuance of Warrants provides Shareholders with further upside*
- *In the event that the Amended Recapitalization Transaction is not completed Company has agreed to implement the original Recapitalization Transaction (without the cash option or the warrants) under CCAA proceedings. Under CCAA proceedings, Shareholders can expect to receive a reduced recovery than they would receive under the Amended Recapitalization Transaction*
- *The Wilks Brothers Offer is not in the best interests of Calfrac or its Shareholders. There is no reasonable prospect of the Wilks Brothers Offer being completed and it does not address the obligations under the Senior Unsecured Notes that rank in priority to Shareholders*
- *The situation is unchanged. The Calfrac Board of Directors continues to unanimously recommend Shareholders and Senior Unsecured Noteholders VOTE FOR the Amended Recapitalization Transaction Only on the White Management Proxy/VIF*
- *DO NOT vote on the Wilks Brothers Blue Proxy/VIF*
- *TAKE NO ACTION and DO NOT TENDER your shares to Wilks Brothers' hostile takeover bid*

CALGARY, AB, Sept. 24, 2020 /CNW/ - Calfrac Well Services Ltd. ("Calfrac" or the "Company") (TSX: CFW) announced today that it has negotiated amendments to its proposed recapitalization transaction (the "**Original Recapitalization Transaction**"), described in the Company's management information circular dated August 17, 2020 (the "**Information Circular**"), following discussions with certain holders ("**Senior Unsecured Noteholders**") of Calfrac Holding LP's outstanding 8.50% senior unsecured notes due 2026 (the "**Senior Unsecured Notes**") that will provide greater value for Calfrac's shareholders than any other viable alternative.

Summary of Amended Recapitalization Transaction

The amended Recapitalization Transaction (the "**Amended Recapitalization Transaction**") provides for improved economics for the holders (the "**Shareholders**") of the Company's common shares ("**Common Shares**"). It also provides an option for Shareholders to either retain or monetize their Common Shares (subject to proration as described below), while receiving Warrants (as defined below) to continue to participate in the future of Calfrac, in either case. The following are additions to the existing terms of the Original Recapitalization Transaction:

- each Shareholder will have the opportunity to elect for Calfrac to repurchase all or any portion of the Common Shares held by such Shareholder (the "**Shareholder Cash Election**") for \$0.15 per share (on a pre-consolidation basis), subject to maximum aggregate consideration in respect of the Shareholder Cash Election of \$10 million; and
- each Shareholder will receive two (2) common share purchase warrants (the "**Warrants**") for each Common Share held (whether or not such Shareholder has elected to participate in the Shareholder Cash Election), with each Warrant exercisable for a period of three years into one Common Share at a price of \$0.05 per Common Share (on a pre-consolidation basis) or \$2.50 per Common Share (on a post-consolidation basis).

"A consensual transaction supported by our stakeholders has been a key focus for Calfrac," said Lindsay R. Link, President and Chief Operating Officer of Calfrac. "We believe that the amended terms deliver increased benefits to our shareholders; and that the transaction provides the best available alternative for our stakeholders. We believe that the transaction is in the best interests of the Company and our stakeholders, and that we will receive clear and strong support following the announcement of the amended terms".

The Amended Recapitalization Transaction is the result of lengthy negotiations with Senior Unsecured Noteholders, and the advice of legal and financial advisors under the guidance of the special committee (the "**Special Committee**") of the board of directors of the Company (the "**Board**"). Upon the recommendation of the Special Committee, the Board unanimously recommends that Senior Unsecured Noteholders and Shareholders support and **VOTE FOR** the Amended Recapitalization Transaction using only the **White Management Proxy/VIF**. Shareholders that have previously voted against the Original Recapitalization Transaction are encouraged to vote again **FOR** the Amended Recapitalization Transaction, based on the significant improvement in value to Shareholders. Only your last vote will be counted.

Clear Benefits of Calfrac's Amended Recapitalization Transaction

Calfrac continues to have an urgent need to recapitalize itself. Calfrac remains in default of its indebtedness to the Senior Unsecured Noteholders, in the amount of US\$431.8 million in principal, plus accrued interest. The support of the Senior Unsecured Noteholders is required for the successful conclusion of any transaction.

- The Amended Recapitalization Transaction provides significantly improved value to Shareholders while also enabling those that may wish to monetize their investment with a cash election to do so. Shareholders can keep their newly enhanced equity Warrant exposure AND cash out all or part of their equity entitlement (subject to any proration as described below). Alternatively, those that want to remain invested can retain both.
- The provision of equity Warrants provides Shareholders with significant value and exposure to the upside potential of a recapitalized Calfrac when the market for its services improves.
- The Amended Recapitalization Transaction preserves Calfrac's independence, free of competitor control and able to pursue future value enhancing or change of control transactions, in more advantageous market conditions.
- The Amended Recapitalization Transaction can be implemented and provides certainty.

- Calfrac's Board, on the recommendation of the Special Committee, has issued its Directors' Circular and is unanimously recommending REJECTING Wilks Brothers' unsolicited tender offer, which is highly unlikely to be completed, seeks to avoid compliance with Canadian take-over bid legislation and does not represent a better alternative to the Amended Recapitalization Transaction. Shareholders are advised to TAKE NO ACTION and NOT TENDER their shares to a bid that very likely will never be taken up. Shareholders that may have already tendered their shares are reminded they have the right to WITHDRAW their tender.

Shareholders and Unsecured Noteholders should **VOTE FOR** the Amended Recapitalization Transaction only on the White Management Proxy/VIF. **DO NOT** vote on the Wilks Brothers Blue Proxy/VIF.

TAKE NO ACTION with respect to the Wilks Brothers hostile take-over bid and **DO NOT TENDER** your shares to the offer.

Meeting Date Postponed to October 16 to Permit Securityholders to consider Amended Terms

To permit Shareholders and Senior Unsecured Noteholders to consider the Amended Recapitalization Transaction, on September 29, 2020, Calfrac has postponed the Senior Unsecured Noteholders' meeting (the "**Senior Unsecured Noteholders' Meeting**") and Shareholders' meeting (the "**Shareholders' Meeting**" and together with the Senior Unsecured Noteholders' Meeting, the "**Meetings**"), currently scheduled for September 29, 2020, to October 16, 2020.

In connection with the Amended Recapitalization Transaction, Calfrac continues to have the support of the holders of the Initial Consenting Noteholders and holders of approximately 25% of the outstanding Common Shares. Such Senior Unsecured Noteholders and Shareholders have agreed to vote in favour of the Company's amended plan of arrangement (the "**Plan of Arrangement**") pursuant to which the Amended Recapitalization Transaction is to be implemented in the Company's proceedings under the *Canada Business Corporations Act* (the "**CBCA**").

The Company is also announcing that the Funding Deadline and the Commitment Party Funding Deadline, as such terms are defined in the Information Circular, in respect of the offering of the Company's new 10% senior secured convertible payment-in-kind notes (the "**New 1.5 Lien Notes**") have been extended to October 21, 2020 and October 23, 2020, respectively. Similarly, the Early Consent Date, as defined in the Information Circular, has been extended to October 2, 2020.

Calfrac Board Unanimously Rejects Wilks Brothers Offer and Recommends Shareholders Not Tender

The Special Committee has carefully reviewed all of the elements, and all of the terms and conditions, of the take-over bid of Wilks Brothers dated September 9, 2020 (the "**Wilks Brothers Offer**"). The Board, on recommendation of the Special Committee, has unanimously determined that the Wilks Brothers Offer is not in the best interests of Calfrac or its Shareholders and is not reasonably capable of being completed given Calfrac's circumstances and debt obligations.

Accordingly, the Board **UNANIMOUSLY** recommends that Shareholders **REJECT** the Wilks Brothers offer, **TAKE NO ACTION** and **NOT TENDER** Common Shares to the Wilks Brothers offer.

- the Amended Recapitalization Transaction provides greater value to Shareholders than a CCAA proceeding;
- Calfrac's Amended Recapitalization Transaction is an executable transaction that provides Shareholders with improved economics and greater optionality and certainty than any alternative to the Amended Recapitalization Transaction;

- it is in the best interests of Calfrac to pursue Calfrac's Amended Recapitalization Transaction;
- there is no reasonable prospect that the Wilks Brothers Offer will be completed as it does not address the US\$431.8 million in principal, plus accrued interest, owing in respect of the Senior Unsecured Notes. The claims of Senior Unsecured Noteholders rank in priority to the claims of Shareholders;
- The Initial Consenting Noteholders have agreed to the enhanced economics for Shareholders under the Amended Recapitalization Transaction with a view to completing the transaction on a consensual and efficient basis for the benefit of the Company and its stakeholders. However, if the Amended Recapitalization Transaction is not completed, the Senior Unsecured Noteholders are expected to exercise their rights to complete the Original Recapitalization Transaction (without the Shareholder Cash Election or Warrants) in a CCAA proceeding. In this scenario, the Wilks Brothers Offer will not be completed because it is conditional on the Amended Recapitalization Transaction being terminated;
- in the event that the Amended Recapitalization Transaction is not completed and CCAA proceedings are commenced, Shareholders can expect to receive a reduced recovery than they would receive under the Amended Recapitalization Transaction; and
- the Wilks Brothers Offer must meet the statutory minimum condition of shares representing more than 50% of the Common Shares that it does not already own being tendered. This condition cannot be waived by Wilks Brothers, although it has indicated its intention to seek an exemption to this rule. Shareholders should be aware that there is no precedent for a waiver of the statutory minimum condition which is at the very heart of the take-over bid rules. This condition to the Wilks Brothers Offer is highly unlikely to be met and therefore the likelihood of Shareholders receiving any value under the Wilks Brothers Offer is remote.

The Amended Recapitalization Transaction is the best alternative for Shareholders.

Should the Amended Recapitalization Transaction not be approved by Senior Unsecured Noteholders and Shareholders, in the absence of any transaction that is capable of receiving broad support throughout the Company's capital structure, the Company expects to proceed to complete the original Recapitalization Transaction (without the cash option or the warrants) under CCAA proceedings, with the support and at the request of the Senior Unsecured Noteholders. Completion of the transaction under the CCAA will result in a reduced recovery to Shareholders as compared to the Amended Recapitalization Transaction.

Further details regarding the Special Committee's and Board's recommendation are available in the Board's Directors' Circular available on Calfrac's SEDAR profile at www.sedar.com and on Calfrac's website at www.calfrac.com.

Details of Amended Recapitalization Transaction

The Company will file a material change report describing the Amended Recapitalization Transaction (the "**Material Change Report**") on Calfrac's SEDAR profile at www.sedar.com. The Material Change Report, which will include a copy of this news release, will be deemed to be incorporated by reference in the Information Circular, and shall constitute an amendment to the Information Circular, pursuant to the interim order (the "**Interim Order**") of the Court of Queen's Bench of Alberta dated August 7, 2020. The Information Circular has been posted on Calfrac's SEDAR profile at www.sedar.com and on Calfrac's website at www.calfrac.com. Capitalized terms used in this press release and not otherwise defined shall have the meanings given to such terms in the Information Circular.

Shareholder Cash Election

Pursuant to the Plan of Arrangement, all Existing Shareholders shall be provided with the opportunity to elect to have Calfrac repurchase all or any portion of Common Shares held by such Shareholder for \$0.15 per share (the

"**Cash Election Amount**"); provided, however, that if elections in excess of \$10 million are received, then the aggregate Cash Election Amount shall be pro-rated amongst the total number of pre-Share Consolidation Common Shares tendered, with Shareholders retaining the remaining Common Shares not repurchased. Shareholders holding an aggregate of 32,914,259 pre-Share Consolidation Common Shares (or approximately 22.6% of the Common Shares outstanding), including MATCO Investments Ltd. ("**MATCO**") and all of the directors and officers of the Company have committed not to elect the Shareholder Cash Election.

Existing Shareholders who do not elect to tender their Common Shares to the Shareholder Cash Election shall retain their Common Shares, subject to the consolidation of the Common Shares on the basis of one (1) Common Share on a post-consolidation basis for every 50 Common Shares on a pre-consolidation basis (the "**Share Consolidation**") upon completion of the Amended Recapitalization Transaction.

Warrants

Pursuant to the Plan of Arrangement, each Shareholder will receive (whether or not such Shareholder has elected to participate in the Shareholder Cash Election), for each Common Share (on a pre-consolidation basis) held immediately prior the Effective Time, two (2) Warrants. Each Warrant is exercisable for one pre-consolidation Common Share for a period of three (3) years following the effective date of the Plan of Arrangement (the "**Effective Date**"), with an exercise price of \$0.05 per Common Share. Following the Share Consolidation, the number of Warrants outstanding will also be consolidated on a 50 to one basis, with each whole Warrant entitling the holder thereof to acquire one post-Share Consolidation Common Share at a price of \$2.50 per Common Share. Calfrac has applied to the Toronto Stock Exchange (the "**TSX**") for the listing of the Warrants and the Common Shares issuable on exercise of the Warrants, which listing would remain subject to the approval of the TSX and the satisfaction of any listing conditions required by the TSX.

The current Common Shares will represent 8% of the Common Shares outstanding immediately following implementation of the Amended Recapitalization Transaction, calculated on a non-diluted basis and excluding the Commitment Consideration Shares and any Common Shares repurchased pursuant to the Shareholder Cash Election.

New 1.5 Lien Term Loans

In connection with the Amended Recapitalization Transaction, the Company will borrow up to an aggregate of \$10 million of 1.5 lien secured, non-convertible, loans from G2S2 Capital Inc. (or an affiliate thereof, "**G2S2**"), MATCO and members of an ad hoc committee of Senior Unsecured Noteholders (the "**Ad Hoc Committee**"), on a several and not joint and several basis (the "**New 1.5 Lien Term Loans**") in an amount equal to the aggregate Cash Election Amount. The New 1.5 Lien Term Loans will be used to partially refinance the First Lien Credit Agreement and create availability for Calfrac to fund the Cash Election Amount. The New 1.5 Lien Term Loans will rank *pari passu* with the New 1.5 Lien Notes, are non-convertible and shall bear interest at the rate of 10% per annum (paid in kind), and shall mature on the second anniversary of the Effective Date.

Although the New 1.5 Lien Term Loan from MATCO is a related party transaction, the Company is relying on an exemption contained in Multilateral Instrument 61-101 from the requirement to prepare a formal valuation in connection with such loan, as it is non-convertible, not repayable in equity of Calfrac and not less advantageous to Calfrac than if the New 1.5 Lien Term Loan from MATCO was obtained from a person dealing at arm's length with Calfrac.

Summary of Amended Plan of Arrangement

The Amended Recapitalization Transaction, contemplates, among other things, the following key elements:

- a. the continuance of Calfrac into the federal jurisdiction of Canada under the CBCA;
- b. the provision of the Shareholder Cash Election (not to exceed \$10 million, in the aggregate);

- c. the issuance of the Warrants to all Shareholders (whether or not such Shareholder has elected to participate in the Shareholder Cash Election);
- d. the exchange of Senior Unsecured Notes for Common Shares (the "**Senior Unsecured Note Exchange**"), such that: (i) Senior Unsecured Noteholders will receive their pro rata share (based on the face value of the Senior Unsecured Notes) of 86% of the Common Shares outstanding immediately following implementation of the Amended Recapitalization Transaction; and (ii) as early consent consideration for supporting the Amended Recapitalization Transaction and in addition to any Common Shares received by an Early Consenting Noteholder (as defined in the Information Circular) pursuant to (i) above, Early Consenting Noteholders will receive their pro rata share (based on the face value of their Senior Unsecured Notes) of 6% of the Common Shares outstanding immediately following implementation of the Amended Recapitalization Transaction, such percentages calculated prior to the Shareholder Cash Election, and in each case on a non-diluted basis and excluding the Commitment Consideration Shares (as defined below), in full and final settlement of the obligations under the Senior Unsecured Notes;
- e. each Shareholder will be provided with the opportunity to participate in the Shareholder Cash Election and may elect to have Calfrac repurchase all or any portion of the Common Shares held by such Shareholder for the Cash Election Amount, subject to proration as described above;
- f. existing Shareholders who retain their Common Shares (other than such Common Shares tendered to the Company pursuant to the Shareholder Cash Election), shall have their Common Shares consolidated pursuant to the Share Consolidation on the basis of one Common Share on a post-consolidation basis for every fifty (50) Common Shares on a pre-consolidation basis;
- g. an offering of \$60 million in principal amount of New 1.5 Lien Notes:
 - i. as to \$45 million, made to G2S2, MATCO and the Ad Hoc Committee and certain other eligible Senior Unsecured Noteholders (collectively, the "**Commitment Parties**"); and
 - ii. as to \$15 million, made available to all eligible Senior Unsecured Noteholders, fully backstopped by the Commitment Parties, in consideration for the issuance of Common Shares with a value equal to \$1.5 million to such Commitment Parties (the "**Commitment Consideration Shares**");
- h. the Company continuing to satisfy its obligations to employees, suppliers, customers and governmental authorities in the ordinary course of business;
- i. the cancellation of existing stock options for no consideration, and the vesting and payment of all equity-based PSUs, together with the termination of Calfrac's existing PSU Plan and all underlying non-equity based PSUs; and
- j. the adoption of an Omnibus Incentive Plan for Calfrac, concurrently with the completion of the transactions contemplated by the Plan of Arrangement.

Except as described in this news release, the elements of the Original Recapitalization Transaction remain as described in the Information Circular, in all material respects. Notwithstanding anything to the contrary, all summaries of, and references to, the Amended Recapitalization Transaction in this news release are qualified in their entirety by reference to the complete text of the Plan of Arrangement (as amended), a copy of which will be attached to the Material Change Report. You are urged to carefully read the full text of the Plan of Arrangement (as amended).

In connection with the Amended Recapitalization Transaction, the Company has made available the following documents on Calfrac's SEDAR profile at www.sedar.com and on Calfrac's website at www.calfrac.com:

- the Amending Agreement to the Arrangement Agreement included as Appendix "G" to the Information Circular; and
- the amended Plan of Arrangement and a blackline comparison of the amended Plan of Arrangement to the version included as Appendix "H" to the Information Circular.

The material terms of the Warrants are also set out in a Schedule to this news release.

Pursuant to the Interim Order, the amended Plan of Arrangement shall be the Plan of Arrangement to be submitted to Senior Unsecured Noteholders and Shareholders at the Meetings and shall be the subject of the applicable Senior Unsecured Noteholders Resolution and Shareholders' Arrangement Resolution.

Pursuant to the Amended Recapitalization Transaction and the amended Plan of Arrangement, the disclosure set out under "*Description of the Recapitalization Transaction – Plan of Arrangement – Treatment of Shareholders*" and "*Arrangement Steps*" is deemed to be amended and supplemented by the information contained in this news release.

Shareholder Cash Election

In connection with the Shareholder Cash Election, the Company will distribute an amended form of letter of transmittal and election (the "**Letter of Transmittal and Election Form**").

Shareholders wishing to participate, in whole or in part, in the Shareholder Cash Election (subject to pro-rationing) must make a valid election on or before October 14, 2020 (the "**Election Deadline**") by submitting a duly completed Letter of Transmittal and Election Form to the Depository at its office specified in the Letter of Transmittal and Election Form. **Shareholders who do not make a valid election on or before the Election Deadline by submitting a duly completed Letter of Transmittal and Election Form will be deemed to have elected not to participate in the Shareholder Cash Election, and shall retain their Common Shares in accordance with the amended Plan of Arrangement.**

Shareholders whose Common Shares are registered in the name of a broker, investment dealer, bank, trust company or other Intermediary, and who wish to participate in the Shareholder Cash Election, should contact that Intermediary for instructions and assistance in making a Shareholder Cash Election in advance of the Election Deadline.

Registered Shareholders not participating in the Shareholder Cash Election are still required to complete, execute and return a Letter of Transmittal and Election to the Depository in order to receive their post-consolidation Common Shares, as described in greater detail in the Information Circular.

The Letter of Transmittal and Election Form must be accompanied by the certificate representing a Registered Shareholder's Common Shares and all other required documents. A copy of the Letter of Transmittal and Election may be obtained upon request from the Depository.

See "*Procedure for Exchange of Shares*" in the Material Change Report for further information.

Shareholders' TSX Warrant Resolution

In accordance with the policies of the TSX, the issuance of Common Shares upon the conversion of the Warrants must be approved by disinterested Shareholders, where the number of Common Shares issuable to insiders of the Company as a group, upon conversion, exceeds 10% of the then issued and outstanding Common Shares (pursuant to section 604(a)(ii) of the TSX Company Manual) (the "**TSX Warrant Approval**").

Currently, the disinterested Shareholders have been asked to approve, by way of the Shareholders' TSX Note Exchange Resolution, the issuance of Common Shares pursuant to the Senior Unsecured Note Exchange, also pursuant to section 604(a)(ii) of the TSX Company Manual (the "**TSX Note Exchange Approval**").

This new release serves as notice that the Shareholders' TSX Note Exchange Resolution is being amended to now include both the TSX Warrant Approval and the TSX Note Exchange Approval, and the full text of the amended Shareholders' TSX Note Exchange Resolution (the "**Shareholders' TSX Note Exchange and Warrant Resolution**") will be attached to the Material Change Report. Shareholders who vote in favour of the Shareholders' TSX Note Exchange Resolution are deemed to have provided both the necessary TSX Warrant Approval and TSX Note Exchange Approval.

For purposes of the Shareholders' TSX Note Exchange and Warrant Resolution as it relates to the TSX Note Exchange Approval, Common Shares held by insiders participating in the Senior Unsecured Note Exchange (including Alberta Investment Management Company ("**AIMCO**") and Wilks Brothers) will be excluded from voting. To the knowledge of the Company, AIMCO holds 24,080,121 Common Shares or approximately 16.54% of the outstanding Common Shares, and Wilks Brothers holds 28,720,172 Common Shares or approximately 19.72% of the outstanding Common Shares.

For purposes of the Shareholders' TSX Note Exchange and Warrant Resolution as it relates to the TSX Warrant Approval, Common Shares held by insiders expected to receive Warrants (including MATCO, AIMCo, Wilks Brothers and directors and officers of the Company) will be excluded from voting. To the knowledge of the Company, Ronald P. Mathison and MATCO (and its affiliates) collectively hold 28,834,321 Common Shares representing approximately 19.80% of the outstanding Common Shares, AIMCo holds 24,080,121 Common Shares or approximately 16.54% of the outstanding Common Shares, Wilks Brothers holds 28,720,172 Common Shares or approximately 19.72% of the outstanding Common Shares and other directors and officers of the Company hold 4,079,937 Common Shares or approximately 2.8% of the issued and outstanding Common Shares.

The vote required to pass the Shareholders' TSX Note Exchange and Warrant Resolution is a majority of the votes cast by the applicable disinterested Shareholders present in person or represented by proxy at the Shareholders' Meeting.

First Lien Credit Agreement

In addition to the amendments described under the heading "*First Lien Credit Agreement Amendments*" in the Information Circular, Calfrac will seek the consent of the First Lien Lenders to the New 1.5 Lien Term Loans and the Shareholder Cash Election, which require the consent of the majority of the First Lien Lenders.

Dilution

As at August 17, 2020, the Company had 145,616,827 Common Shares issued and outstanding (or approximately 2,912,336 Common Shares on a post-Share Consolidation basis). In addition to the information disclosed under "*Calfrac after the Recapitalization Transaction – Dilution*" in the Information Circular, pursuant to the Plan of Arrangement and on a post-Share Consolidation basis, a total of up to 5,824,672 Common Shares are issuable to holders of Warrants upon the conversion of the Warrants, representing in the aggregate 200% of the current issued and outstanding Common Shares. Approximately 58.86% of the Warrants and the Common Shares issuable on exercise thereof are issuable to insiders of the Company (being MATCO, AIMCo, Wilks Brothers and other insiders of the Company).

Assuming that Shareholders elect to participate in the Shareholder Cash Election to the maximum amount of \$10 million, following the Amended Recapitalization Transaction, the existing Shareholders of the Company will hold approximately 78,950,160 Common Shares (or approximately 1,579,003 Common Shares on a post-Share Consolidation basis).

After giving effect to the issuance and exercise of the Warrants, and assuming that Shareholders elect to participate in the Shareholder Cash Election to the maximum amount of \$10 million, the holdings of principal shareholders of Calfrac as at the Effective Date upon completion of the Arrangement (on a fully-diluted basis), as previously disclosed under "*Calfrac after the Recapitalization Transaction – Principal Shareholders*" in the Information Circular will be revised follows:

Name	Percentage of Common Shares as at the Effective Date upon Completion of the <u>Original Recapitalization Transaction</u> (fully-diluted) ⁽¹⁾	Percentage of Common Shares as at the Effective Date upon Completion of the <u>Amended Recapitalization Transaction</u> (fully-diluted) ⁽²⁾
G2S2 Capital Inc.	40.9%	38.8%
Ronald P. Mathison	10.9%	11.7%
Certain funds and accounts managed by Glendon Capital Management L.P.	10.7%	10.1%
Certain funds and accounts managed by CI Investments Inc.	7.1%	6.7%

Notes:

- (1) This percentage assumes that Senior Unsecured Noteholders holding 78.1% of the Senior Unsecured Notes will be considered Early Consenting Noteholders and will exercise their full Subscription Privilege under the Pro Rata Offering (with the remaining 21.9% of the Pro Rata Offering to be subscribed for by the Commitment Parties pursuant to their respective Shortfall Commitment), and is calculated on a fully-diluted basis on the assumption that all holders of New 1.5 Lien Notes will convert all New 1.5 Lien Notes into Common Shares at the Conversion Price immediately following the Effective Date.
- (2) This percentage assumes that: (a) Shareholders, other than MATCO and the directors and officers of the Company, elect to participate in the Shareholder Cash Election to the maximum amount of \$10 million; (b) the Warrants are exercised in full; and (c) the items set out in note (1) above.

Recommendation of the Special Committee and the Board

After careful consideration and based on several factors, including lengthy and detailed consultation and negotiations with affected stakeholders and the advice of legal and financial advisors, the Special Committee of the Board of Directors has unanimously recommended that the Board of Directors approve the Amended Recapitalization Transaction. After receiving such recommendation, the Board of Directors has unanimously determined that the Amended Recapitalization Transaction continues to be the best available transaction for the Company, and has authorized its submission to the Senior Unsecured Noteholders, Shareholders and the Court for their respective approvals. **The Board of Directors unanimously recommends that all Senior Unsecured Noteholders and Shareholders support and VOTE IN FAVOUR of the Amended Recapitalization Transaction.**

Meeting Information

As permitted by the Interim Order, the Meetings currently scheduled to be held on September 29, 2020, have been postponed to October 16, 2020.

The Meetings will be held on October 16, 2020 at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta. The Senior Unsecured Noteholders' Meeting is scheduled to begin at 1:00 p.m. (Calgary time), and the Shareholders' Meeting will begin at 2:00 p.m. (Calgary time).

The Record Date of August 10, 2020 remains unchanged. Subject to any further Order of the Court, pursuant to the Interim Order, those persons who are Senior Unsecured Noteholders on the Record Date are entitled to attend and vote at the Senior Unsecured Noteholders' Meeting. Senior Unsecured Noteholders entitled to vote at the Senior Unsecured Noteholders' Meeting will be entitled to one vote for each US\$1,000 principal amount of Senior Unsecured Notes held by such Senior Unsecured Noteholder as of the Record Date in respect of the Senior Unsecured Noteholders' Arrangement Resolution and any other matters to be considered at the Senior Unsecured Noteholders' Meeting.

Registered Shareholders as of the Record Date and proxy appointments are entitled to attend and vote at the Shareholders' Meeting. Shareholders and proxy appointments will be entitled to one vote for each Common Share held as at the Record Date.

Voting Information

The deadline for Senior Unsecured Noteholders and Shareholders to submit their proxies or voting instructions in order to vote on the Plan of Arrangement and other items to be considered at the applicable Meeting will be extended to 5:00 p.m. (Calgary time) on October 14, 2020 (the "**Voting Deadline**").

Shareholders are reminded that they are free to vote their proxies or to revoke their proxies at any time, regardless of whether they have already voted on the Company's white proxy or Wilks Brothers' blue proxy and how they have voted to date. Although Shareholders who have already voted do not have to revoke, only your last vote will be counted.

Given the significant improvement in Shareholder value being proposed, any Shareholders that may have previously voted against the Original Recapitalization Transaction are encouraged to vote again FOR using the White Management Proxy/VIF. For further details on how to vote or to revoke any proxy, please refer to the sections entitled "Voting of Proxies" and "Revocation of Proxies" in the Information Circular dated and filed under Calfrac's profile on SEDAR at www.sedar.com.

The Early Consent Date, which was 5:00 p.m. (Calgary time) on September 8, 2020, has been extended to October 2, 2020. Senior Unsecured Noteholders that wish to receive their pro rata share of the 6% Early Consenting Noteholder New Common Share Pool (as defined in the Information Circular) must vote, or instruct their intermediaries to vote, in favour of the Senior Unsecured Noteholders' Arrangement Resolution on or prior to the Early Consent Date of 5:00 p.m. (Calgary time) on October 2, 2020, as further described in the Information Circular. Senior Unsecured Noteholders who have already voted, or instructed their intermediaries to vote, in favour of the Senior Unsecured Noteholders' Arrangement Resolution need not resubmit their vote or instructions in order to receive their pro rata share of the 6% Early Consenting Noteholder New Common Share Pool.

Any Senior Unsecured Noteholders who wish to revoke their proxy or voting instructions in favour of the Senior Unsecured Noteholders' Arrangement Resolution on or prior to the Early Consent Date shall no longer constitute Early Consenting Noteholders for the purposes of the Plan of Arrangement, and shall not receive their pro rata share of the 6% Early Consenting Noteholder New Common Share Pool. As described in the Information Circular, Senior Unsecured Noteholders having voted in favour of the Plan of Arrangement may not revoke their proxy or voting instructions after the Early Consent Date (as extended), and no Senior Unsecured Noteholder may revoke or change a vote (or instruct their Intermediaries to do so) after the Voting Deadline (as extended).

Any questions or requests for further information regarding voting at the Meetings or revoking proxies should be directed to Kingsdale Advisors by: (i) telephone, toll-free in North America at 1-877-659-1822 or at 416-867-2272 outside of North America; or (ii) e-mail to contactus@kingsdaleadvisors.com.

Calfrac reminds all stakeholders that information in respect of the Amended Recapitalization Transaction can be found at <http://calfrac.investorroom.com/transaction>. If you have any questions regarding the above, or related to the Amended Recapitalization Transaction, please contact Scott Treadwell, Vice President, Capital Markets and Strategy at (403) 266-6000.

Noteholder Support Agreement Amendments; Alternative Proceedings under CCAA

In accordance with the terms of the Noteholder Support Agreement and the Commitment Letter, the Company has received the approval of the Consenting Noteholders to the amendments to the Original Recapitalization Transaction.

In connection with negotiating the terms of the Amended Recapitalization Transaction, upon the requirement of the Initial Consenting Noteholders, the Company has agreed that in the event the "CBCA Condition" (as defined below), have not been satisfied by October 21, 2020 (unless extended or waived), or a final order has not been granted on or prior to November 6, 2020, then within five (5) business days of a request from the Consenting Noteholders, the Company will implement, with respect to Shareholders, the Original Recapitalization Transaction (in the form prior to the amendments contained in the Amended Recapitalization Transaction, without the Shareholder Cash Election or issuance of the Warrants) through proceedings under the *Companies' Creditors Arrangement Act* ("**CCAA**").

"**CBCA Condition**" means that the applicable Shareholder approvals shall have been obtained, and Calfrac shall have applied for the plan of arrangement giving effect to the Amended Recapitalization Transaction to be approved by the Court.

Should the Amended Recapitalization Transaction not be approved by Senior Unsecured Noteholders and Shareholders, in the absence of any transaction that is capable of receiving broad support throughout the Company's capital structure, it is likely the Company will be required by the Senior Unsecured Noteholders to proceed with a transaction under the CCAA, which will result in a reduced recovery to Shareholders as compared to the Amended Recapitalization Transaction.

In accordance with the terms of the Noteholder Support Agreement, as amended, the Company shall seek, and the Initial Consenting Noteholders shall support, the making of an order that any and all votes of Senior Unsecured Noteholders with respect to the Amended Recapitalization Transaction shall be binding to the extent the Company implements the Original Recapitalization Transaction (in the form prior to the amendments contained in the Amended Recapitalization Transaction) through the CCAA Proceedings.

Certain Canadian Federal Income Tax Considerations

Senior Unsecured Noteholders and Shareholders are urged to carefully read the summary of certain Canadian federal income tax considerations resulting from the Original Recapitalization Transaction located under the heading "*Certain Canadian Federal Income Tax Considerations*" in the Information Circular, as supplemented by the Material Change Report of the Company to be filed in connection with the Amended Recapitalization Transaction. Such summary addresses the tax consequences of the Shareholder Cash Election and the exercise of Warrants and the disposition of any Common Shares received on exercise thereof, and urges Senior Unsecured Noteholders and Shareholders to consult their own tax advisors for advice as to the tax considerations in respect of the Amended Recapitalization Transaction, having regard to their particular circumstances.

Issuance and Resale of Securities Received in the Amended Recapitalization Transaction – Canada

The issuance of: (i) the Warrants issued to Shareholders pursuant to the Amended Recapitalization Transaction; and (ii) the issuance of Common Shares upon conversion of the Warrants, will be exempt from the prospectus and registration requirements under Canadian securities laws. As a consequence of these exemptions, certain protections, rights and remedies provided by Canadian securities laws, including statutory rights of rescission or damages, will not be available in respect of such new securities to be issued pursuant to the Amended Recapitalization Transaction. The Warrants issued pursuant to the Amended Recapitalization Transaction and any Common Shares issued upon conversion of the Warrants will generally be "freely tradeable" under Canadian Securities Laws in force in Canada if the following conditions (as specified in National Instrument 45-102 — Resale of Securities) ("**NI 45-102**") are satisfied: (i) the trade is not a "control distribution" (as defined in NI 45-102); (ii) no unusual effort is made to prepare the market or to create a demand for the shares that are the subject of the trade; (iii) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and (iv) if the selling shareholder is an insider or officer of the issuer, the selling shareholder has no reasonable grounds to believe that the issuer is in default of securities legislation.

Certain U.S. Securities Laws Matters and Federal Income Tax Considerations

Senior Unsecured Noteholders and Shareholders are urged to carefully read the summary of certain securities laws matters and tax considerations resulting from the Amended Recapitalization Transaction located under the headings "*Certain U.S. Securities Laws Matters*", "*Issuance and Resale of Securities Received in the Recapitalization Transaction - United States*" and "*Certain United States Federal Income Tax Considerations*" in the Information Circular, as supplemented by the Material Change Report of the Company to be filed in connection with the Amended Recapitalization Transaction, and to consult their own tax advisors for advice as to the tax considerations in respect of the Amended Recapitalization Transaction having regard to their particular circumstances.

Notice is hereby given that the Court will be advised that its order approving the Arrangement, if granted, will constitute the basis for an exemption from the registration requirements of the U.S. Securities Act of 1933 (the "**1933 Act**"), as provided by section 3(a)(10) thereof, with respect to the issuance of the Warrants to be issued pursuant to the Arrangement.

TSX Matters

The Common Shares are listed on the TSX. Calfrac has applied to the TSX for the listing of the Warrants and the Common Shares issuable on exercise of the Warrants, which listing would remain subject to the approval of the TSX and the satisfaction of any listing conditions required by the TSX.

Risk Factors

Senior Unsecured Noteholders and Shareholders are urged to carefully read the risk factors located under the heading "*Risk Factors*" in the Information Circular, as supplemented by the Material Change Report of the Company to be filed in connection with the Amended Recapitalization Transaction.

Required Approvals and Implementation

Completion of the Amended Recapitalization Transaction remains subject to, among other things, approval of the Plan of Arrangement by the requisite majorities of the Senior Unsecured Noteholders and the Shareholders at the Meetings but subject to further order of the Court, successful completion of the New 1.5 Lien Note Offering, such other approvals as may be required by the Court or the TSX, other applicable regulatory approvals, the issuance of the Final Order approving of the Plan of Arrangement by the Court, and the satisfaction or waiver of applicable conditions precedent. Upon implementation, the Plan of Arrangement would bind all Senior Unsecured Noteholders and Shareholders. The Company can give no assurances that the Amended Recapitalization Transaction will be completed.

COVID-19

Due to the current and rapidly evolving COVID-19 pandemic, the Company encourages its Senior Unsecured Noteholders and Shareholders to consider the advice and instructions of the Public Health Agency of Canada (www.canada.ca/en/public-health.html) and Alberta Health Services (www.albertahealthservices.ca) when deciding whether to attend the Meetings in person. Given the fundamental nature of the Amended Recapitalization Transaction and the Meetings, and well-known issues with virtual meeting platforms in a contested situation, the Company determined that the Meetings should be held in person. Access to each Meeting will be limited to essential personnel and registered Shareholders, Senior Unsecured Noteholders and duly appointed proxyholders entitled to attend and vote at the Meetings. The Company encourages registered Shareholders, Senior Unsecured Noteholders and duly appointed proxyholders to not attend the Meetings in person, particularly if they are experiencing any of the described COVID-19 symptoms. The Company encourages Shareholders and Senior Unsecured Noteholders to vote their respective securities prior to the Meetings following the instructions set out in the form of proxy or voting instruction form received by such Shareholders and Senior Unsecured Noteholders. The Company may take additional precautionary measures in relation to the Meetings in response to further developments with the COVID-19 pandemic.

The Company will be providing a live webcast of the Meetings. Shareholders and Senior Unsecured Noteholders not attending the Meetings in person are encouraged to listen to the webcast. However, shareholders will not be able to vote through the webcast or otherwise participate in the Meetings. A link to the webcast will be available on the Company's website at www.calfrac.com.

This news release shall not constitute an offer to sell or a solicitation of an offer to buy the securities described herein, nor shall there be any sale of these securities in any state or other jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

The securities to be issued pursuant to the Amended Recapitalization Transaction have not been and will not be registered under the 1933 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 1933 Act. The Common Shares to be issued to Senior Unsecured Noteholders pursuant to the Amended Recapitalization Transaction will be issued and distributed in reliance on the exemption from registration set forth in Section 3(a)(10) of the 1933 Act (and similar exemptions under applicable state securities laws).

Calfrac's common shares are publicly traded on the Toronto Stock Exchange under the trading symbol "CFW". Calfrac provides specialized oilfield services to exploration and production companies designed to increase the production of hydrocarbons from wells drilled throughout western Canada, the United States, Argentina and Russia.

All references to "\$" are to Canadian dollars, unless otherwise indicated.

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this press release contains forward-looking statements and information relating to the holding of the Meetings and the completion of the proposed Amended Recapitalization Transaction, the anticipated shareholdings of the Company following the completion of the Amended Recapitalization Transaction under various scenarios, and the anticipated tax treatment of the Amended Recapitalization Transaction.

These forward-looking statements and information are based on certain key expectations and assumptions made by Calfrac in light of its experience and perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances, including, but not limited to, the following: the Amended Recapitalization Transaction will be completed as proposed; economic and political environment in which Calfrac operates; Calfrac's expectations for its customers' capital budgets and geographical areas of focus; the effect unconventional oil and gas projects have had on supply and demand fundamentals for oil and natural gas; Calfrac's existing contracts and the status of current negotiations with key customers and suppliers; the effectiveness of cost reduction measures instituted by Calfrac; and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Although Calfrac believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information as Calfrac cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with: Calfrac's ability to continue to manage the effect of the COVID-19 pandemic on its operations; actions taken by Wilks Brothers; default under the Company's credit facilities and/or the Company's senior secured notes due to a breach of covenants therein; failure to reach any additional agreements with the Company's lenders; the impact of events of defaults in respect of other material contracts of the Company, including but not limited to, cross-defaults resulting in acceleration of amounts payable thereunder or the termination of such agreements; failure of existing Shareholders and Senior Unsecured

Noteholders to vote in favour of the Amended Recapitalization Transaction; failure to receive any applicable regulatory approvals in respect of the Amended Recapitalization Transaction; global economic conditions; along with those risk and uncertainties identified under the heading "Risk Factors" and elsewhere in the Information Circular and Company's annual information form dated March 10, 2020, each as filed on SEDAR at www.sedar.com.

The forward-looking statements and information contained in this press release are made as of the date hereof and Calfrac does not undertake any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. This press release is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent an exemption from registration under the Securities Act of 1933

SCHEDULE SUMMARY OF MATERIAL TERMS OF THE WARRANTS

Issuer:	Calfrac
Number of Warrants:	Each holder of a Common Share (on a pre-consolidation basis) at the Effective Time will receive two (2) Warrants for each pre-consolidation Common Share held. In connection with the consolidation of the Common Shares, the number of warrants will also be consolidated on the basis of one (1) Warrant (on a post-consolidation basis) for every 50 Warrants (on a pre-consolidation basis)
Expiry Date:	Three (3) years from the issue date.
Exercise Price:	\$0.05 per Common Share (on a pre-consolidation basis), or \$2.50 per Common Share (on a post-consolidation basis).
Exchange Ratio:	Each whole Warrant entitles the holder thereof to one Common Share, subject to adjustment.
Amendments:	An extraordinary resolution may be initiated by holders entitled to acquire at least 25% of the aggregate number of Common Shares which may be acquired pursuant to all the then outstanding Warrants and passed by the affirmative votes of holders entitled to acquire not less than 66 $\frac{2}{3}$ % of the aggregate number of Common Shares which may be acquired pursuant to all the then outstanding Warrants represented at the meeting.

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