

September 24, 2020

Calfrac Well Services Ltd.

Amended Recapitalization Transaction



Calfrac Announces Amended Recapitalization Transaction

- On September 24, 2020, Calfrac Well Services Ltd. (“Calfrac” or the “Company”) announced an Amended Recapitalization Transaction which **provides Shareholders improved economics, optionality and certainty** with the **addition of cash consideration and warrants**.
- Under the amended terms, shareholders can elect to:
 - A. Receive \$0.15 in cash per Common Share (subject to proration) AND receive two Warrants; OR
 - B. Retain their Common Shares AND receive two Warrants.
 - Each Warrant is exercisable for one Common Share for a period of 3 years, with an exercise price of \$0.05 per Common Share (pre-consolidation).
 - Shareholders must fill out an election form if they wish to elect for cash consideration.
- Calfrac's Amended Recapitalization Transaction **preserves Calfrac's independence**, and is the **best alternative for Shareholders**.

THE FACTS REMAIN

- 1) The Amended Recapitalization Transaction remains **the only transaction being voted on** at the upcoming Meetings and the only transaction capable of implementation. It is recommended that all Calfrac stakeholders **VOTE FOR** this transaction and **DO NOT vote on the Wilks Brothers Blue Proxy/VIF**.
- 2) 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**.

If Shareholders do not approve the Amended Recapitalization Transaction, the cash option and Warrants will not be available and the Recapitalization Transaction will likely be required to proceed under the CCAA.
- 3) The structure and conditions of the Wilks Brothers offer render it **highly unlikely** to be completed and it is not in the best interests of Calfrac or its Shareholders. Readers are urged to review Calfrac's directors' circular available [here](#), and in particular the “Questions and Answers About Calfrac's Amended Recapitalization Transaction and the Wilks Brothers Offer” found at page 8.
- 4) Calfrac's Board is **unanimously recommending REJECTING Wilks Brothers' unsolicited tender offer**. 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.

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**.

Slides 9 & 10 in the presentation include voting and election information.

Key Terms of the Amended Recapitalization Plan

Class	Amount	Illustrative Treatment
Senior Unsecured Notes	US\$431.8 million	Exchanged for 86% ⁽¹⁾ of the pro forma Common Shares Senior Unsecured Noteholders who vote in favour of the plan by October 2, 2020 receive an additional 6% ⁽¹⁾ of the pro forma Common Shares
2L Notes	US\$120.0 million	Unaffected by the CBCA Plan
Revolving Term Loan Facility	C\$170 million ⁽²⁾	Credit agreement will be amended and restated to provide relief in respect of the Funded Debt to EBITDA covenant to allow for the Amended Recapitalization Transaction Liquidity to be met through access to the revolving term loan facility following a partial refinancing of such facility using proceeds from the Convertible 1.5L Note issuance and the 1.5L Term Loans
New Money Capital Investors (Convertible 1.5L Notes)	C\$60.0 million	New money offering of new senior secured convertible 10% PIK notes
New Money Loan (1.5L Term Loans)	Up to C\$10.0 million	Calfrac will borrow up to C\$10.0 million of 1.5 lien secured, non-convertible, 10% PIK loans from G2S2 Capital Inc., MATCO Investments Ltd., and members of an ad hoc committee of Senior Unsecured Noteholders
Existing Common Equity		Will hold up to 8% ⁽¹⁾ of the pro forma Common Shares Option to receive cash consideration of \$0.15 per Common Share (subject to proration) ⁽³⁾ or retain existing Common Share Will receive 2 Warrants for every Common Share, with a 3 year term, and a \$0.05 per share exercise price pre-consolidation, irrespective of whether they elect cash consideration ⁽⁴⁾ Warrants will be exercisable for up to 6.7% of the pro forma issued and outstanding Common Shares following the full conversion of the Convertible 1.5L Notes and full exercise of the Warrants ⁽⁵⁾

Source: Company Disclosure.

(1) Excludes shares issued pursuant to the backstop fee, assumes no election of cash option and prior to conversion of the 1.5 Lien Notes.

(2) As at 6/30/2020.

(3) Shareholders (inclusive of MATCO and all of the directors and officers of the Company) holding an aggregate of 32.9 million common shares, representing approximately 22.6% of common shares outstanding have committed not to elect the Shareholder Cash Election.

(4) On a post consolidation basis of 50:1, shareholders will receive warrants to purchase up to 5.8 million common shares at a \$2.50/sh exercise price.

(5) Assumes shares are tendered for maximum cash proceeds of C\$10 million.

Key Considerations of the Amended Consideration to Shareholders

Key Consideration	Description
Shareholders Electing Cash	<ul style="list-style-type: none"> Shareholders electing to receive cash will receive \$0.15 in cash per Common Share (subject to proration) AND receive two Warrants If elections in excess of \$10 million are received, then the aggregate cash election amount shall be pro-rated amongst the total number of common shares tendered for cash, with shareholders retaining the remaining Common Shares not repurchased Shareholders can elect the cash option for all or a portion of their Common Shares
Shareholders Retaining Shares	<ul style="list-style-type: none"> Shareholders electing to retain their Common Shares will keep their existing Common Shares AND receive two Warrants
Warrants	<ul style="list-style-type: none"> Each Shareholder will receive, whether or not the Shareholder is electing to tender for cash, two Warrants to purchase Common Shares Each Warrant will carry the following select terms: <ol style="list-style-type: none"> Each Warrant is exercisable for one pre-consolidation Common Share for a period of three years Exercise price of \$0.05 per pre-consolidated Common Share (\$2.50 per post-consolidated Common Share⁽¹⁾) Calfrac has applied to the Toronto Stock Exchange for the listing of the Warrants

Example of Cash Election Pro-Ration At Various Numbers of Shares Electing to Receive Cash⁽²⁾

# Shares Electing to Receive Cash	<i>(MM)</i>	50.0	66.7	75.0	100.0
% of Current Shares Outstanding	<i>(%)</i>	34%	46%	52%	69%
Per Share Cash Election	<i>(\$/sh)</i>	\$0.15	\$0.15	\$0.15	\$0.15
Implied Total Cash Election	<i>(\$MM)</i>	\$7.5	\$10.0	\$11.3	\$15.0
Cash Elections in Excess of \$10M Max	<i>(\$MM)</i>	\$0.0	\$0.0	\$1.3	\$5.0
Percent of Total Shares Electing Cash Receiving \$0.15/sh Cash	<i>(% of shares)</i>	100%	100%	89%	67%
Percentage of Total Shares Electing Cash Retained	<i>(% of shares)</i>	0%	0%	11%	33%

For example, if Shareholders holding 100M shares elected to receive cash, 67% of those shares would receive \$0.15/sh in cash, and 33% of those shares would be retained and remain outstanding

Source: Company Disclosure.

(1) Based on share consolidation ratio of 50:1.

(2) Amounts shown on a pre-consolidation basis.

Key Terms of the New Convertible 1.5 Lien Notes

Key Term	Description
Principal Amount	C\$60 million offering of senior secured convertible 10% PIK notes (the "Convertible 1.5 Lien Notes")
Use of Proceeds	Proceeds used to partially refinance indebtedness under the Company's credit facilities, and create availability for Calfrac to fund working capital requirements as the Company's business improves, and pay transaction costs
Maturity	Three years from closing with no right of redemption
Interest Payable	Convertible 1.5 Lien Notes will bear interest at a rate of 10% per annum payable in cash semi-annually Calfrac may elect to defer and pay in kind any interest accrued by increasing the unpaid principal amount of the new Convertible 1.5 Lien Notes
Conversion	Convertible at the holder's option any time prior to maturity at a Plan Equity Value of C\$50.0 million (C\$110.0 million equity value on full conversion of the 1.5L Notes) Fully converted 1.5L Notes represent 53.0% ⁽¹⁾ of the pro forma issued and outstanding Common Shares There will be approximately 4,353 million Common Shares issued and outstanding ⁽¹⁾ on a cumulative basis after giving effect to the issuance of the Common Shares issuable on conversion of the 1.5 Lien Notes and of the Warrants to Shareholders, assuming conversion on the closing date of the Recapitalization Transaction, and on a pre-consolidation basis

Source: Company Disclosure.

(1) Shown inclusive of shares issued pursuant to the backstop fee, assuming full conversion of warrants and assuming shares are tendered for maximum cash proceeds of \$10 million.

Key Terms of the New 1.5 Lien Term Loans

Key Term	Description
<p>Principal Amount</p>	<p>Up to an aggregate of C\$10 million (in an amount equal to the aggregate Cash Election Amount) offering of senior secured non-convertible 10% PIK loans (the "1.5 Lien Term Loans")</p> <p>The 1.5 Lien Term Loans shall rank pari passu with the Convertible 1.5 Lien Notes</p>
<p>Use of Proceeds</p>	<p>Proceeds used to partially refinance the Company's credit facilities, and create availability for Calfrac to fund the Cash Election</p>
<p>Maturity</p>	<p>Two years from closing</p>
<p>Interest Payable</p>	<p>1.5 Lien Term Loans will bear interest at a rate of 10% per annum semi-annually and paid in kind by increasing the unpaid principal amount of the 1.5 Lien Term Loans</p>
<p>Loan Parties</p>	<p>The Loans will be provided by G2S2 Capital Inc. (or an affiliate thereof, "G2S2"), MATCO and members of an ad hoc committee of Senior Unsecured Noteholders (the "Ad Hoc Committee")</p>

Source: Company Disclosure.

Pro Forma Capital Structure

(C\$ in millions)

	Status Quo	Pro Forma		
	As at June 30, 2020	Pre-Warrants Exercise	Post-Warrants Exercise	Post-Warrants Exercise
		Pre-1.5L Conversion	Pre-1.5L Conversion	Post-1.5L Conversion
CAD Revolving Term Loan Facility	\$170	\$129 ⁽¹⁾	\$129 ⁽¹⁾	\$129 ⁽¹⁾
1.5L Convertible PIK Notes Due 2023 (10% PIK)	-	60	60	-
1.5L Term Loans Due 2022 (10% PIK)	-	10 ⁽²⁾	10 ⁽²⁾	10
USD 10.875% 2L Secured Notes Due 2026	164	164	164	164
Secured Debt	\$334	\$363	\$363	\$303
USD 8.500% Senior Unsecured Notes Due 2026	591	-	-	-
CAD Lease Obligations	32	32	32	32
Total Debt	\$957	\$395	\$395	\$335
Less: Cash and Cash Equivalents	(88)	(88)	(88)	(102) ⁽³⁾
Net Debt	\$869	\$308	\$308	\$233
<i>Pro Forma Equity Ownership</i>				
Equity Ownership to Current Shareholders	100.0%	4.4% ⁽²⁾	17.6% ⁽²⁾	8.5% ⁽²⁾
Equity Ownership to Unsecured Noteholders	0.0%	92.5%	79.7%	38.5%
Equity Ownership to Convertible 1.5L Noteholders	0.0%	3.1% ⁽⁴⁾	2.7% ⁽⁴⁾	53.0% ⁽⁴⁾

Source: Company Disclosure, capitalization and balance sheet as of 6/30/2020.

(1) Assumes \$19M of transaction costs.

(2) Assumes shares are tendered for maximum cash proceeds of \$10 million.

(3) Shown inclusive of \$15 million cash proceeds from exercise of warrants.

(4) Shown inclusive of backstop fee.

Timeline and Process

Process Item	Actions
Meeting	<p>The Senior Unsecured Noteholders' meeting and Shareholders' meeting will be on October 16, 2020</p> <p>Postponing the meetings will permit Shareholders and Unsecured Noteholders to consider the Amended Recapitalization Transaction and the reasons for the Board of Directors' rejection of Wilks Brothers' take-over bid.</p>
Meeting Information	<p>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).</p>
Shareholder Cash Election	<p>Shareholders wishing to participate, in whole or in part, in the Shareholder Cash Election must make a valid election on or before October 14, 2020 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.</p>
Funding Deadline and the Commitment Party Funding Deadline	<p>The Funding Deadline and the Commitment Party Funding Deadline in respect of the offering of the Company's new 10% senior secured convertible payment-in-kind notes have been extended to October 21, 2020 and October 23, 2020, respectively.</p>
Early Consent Consideration	<p>The Early Consent Date has been extended to October 2, 2020 at 5:00 p.m. (Calgary time).</p>
Record Date	<p>The Record Date of August 10, 2020 remains unchanged.</p>
Voting Information	<p>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 has been extended to 5:00 p.m. (Calgary time) on October 14, 2020.</p>

Voting Information

	Registered Shareholders and Beneficial (Non-Registered) Shareholders
<p>Voting Information</p>	<p><u>Registered Shareholders</u></p> <p>On the Internet: A Registered Shareholder can go to the website at www.investorvote.com and follow the instructions on the screen. The Shareholder will need the 15 digit Control Number found on their proxy.</p> <p>By Telephone: A Registered Shareholder can call the number located on such Shareholder's proxy. The Shareholder will need the 15 digit Control Number found on their proxy.</p> <p>By Mail: A Registered Shareholder can complete the proxy as directed and return it in the business reply envelope provided to Computershare Trust Company of Canada, Attention: Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5.</p> <p>By Fax: A Registered Shareholder may submit their proxy by facsimile by completing, dating and signing the enclosed form of proxy and returning it by facsimile to Computershare Investor Services Inc. at (416) 263-9524 or toll free (within North America) at (866) 249-7775.</p> <p>At the Meeting: If a Registered Shareholder plans to vote in person, such Shareholder does not need to do anything except attend the applicable Meeting. The Shareholder should register with the representatives of Computershare Trust Company of Canada upon arrival at the Meeting.</p> <p>Shareholders That Previously Voted: Shareholders who have already voted FOR on the White Management Proxy/VIF do not need to do anything. Shareholders that may have previously voted against the Recapitalization Transaction are encouraged to vote again FOR the Amended Recapitalization Transaction on the White Management Proxy/VIF based on the significant improvement in value to shareholders. Only your last vote will be counted.</p> <p><u>Beneficial (Non-Registered) Shareholders</u></p> <p>If your Common Shares are registered in the name of an investment dealer, investment advisor, bank, trust company, broker or other intermediary please use one of the following voting options:</p> <p>Internet Vote: www.proxyvote.com (enter your 16-digit control number)</p> <p>Telephone Vote: 1-800-474-7493 (English); 1-800-474-7501 (French); 1-800-454-8683 (US Beneficial Shareholders)</p>
<p>Questions</p>	<p>If you have any questions you may contact Kingsdale Advisors by: (a) telephone, toll-free in North America at 1-877-659-1822 or at 1-416-867-2272 outside of North America; or (b) e-mail to contactus@kingsdaleadvisors.com.</p>

Shareholder Cash Election

Process Item	Actions
Cash Election	<p><u>Registered Shareholders</u></p> <p>If you are a Registered Shareholder wishing to participate, in whole or in part, in the Shareholder Cash Election, you must deliver your certificate(s) or other evidence representing your Common Shares together with a properly completed and duly executed Letter of Transmittal, and all other required documents to Computershare Trust Company Of Canada, the Depository, at the address specified in the Letter of Transmittal, at or prior to 5:00 p.m. (Toronto time) on October 14, 2020. Detailed instructions are contained in the Letter of Transmittal. If you have any questions or require assistance in completing the Letter of Transmittal, please contact the Depository at 1-800-564-6253 (Canada and U.S.) or 1-514-982-7555 (Outside North America).</p> <p><u>Beneficial Shareholders</u></p> <p>If your Common Shares are registered in the name of an investment dealer, investment advisor, bank, trust company, broker or other intermediary, you should immediately contact that Intermediary for assistance if you wish to receive the Cash Consideration. Intermediaries likely have established tendering or election cut-off times that are prior to the Expiry Time. You must instruct your Intermediary promptly if you wish to participate in the Shareholder Cash Election.</p>
Questions	<p>If you have any questions you may contact Kingsdale Advisors by: (a) telephone, toll-free in North America at 1-877-659-1822 or at 1-416-867-2272 outside of North America; or (b) e-mail to contactus@kingsdaleadvisors.com.</p>

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Forward Looking Statements

Certain statements contained in this Presentation constitute forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "continue", "estimate", "forecast", "expect", "may", "will", "intend", "could", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. We believe that the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Presentation should not be unduly relied upon. Other than as required by applicable laws, we do not intend, and do not assume any obligation, to update these forward-looking statements. In particular, this Presentation contains forward-looking statements pertaining to the following:

- the expected completion of the Amended Recapitalization Transaction;
- the expected reduction in principal amount of debt outstanding and reduction in annual cash interest expense;
- the expected recovery of the Company's business from historic lows;
- anticipated amendments to the Company's credit agreement;
- anticipated pro forma ownership of the Company's common shares;
- the use of proceeds from the 1.5 Lien Notes and 1.5 Lien Term Loans;
- the Company's expected pro forma capital structure;
- anticipated timing for the meeting of securityholders and implementation of the Amended Recapitalization Transaction;
- the potential for the commencement of CCAA proceedings and the implementation of the Recapitalization Transaction thereunder; and
- the likelihood of completion of the Wilks Brothers offer.

The forward-looking statements contained in this Presentation are based on certain assumptions and analyses made by the Company in light of our experience and perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate in the circumstances, including, but not limited to, the assumptions that the Recapitalization Transaction will be implemented as described in this Presentation. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of risks associated with the implementation of the Recapitalization Transaction, including the requirement to obtain all necessary approvals in respect thereof, and the risk factors set forth in our financial statements and annual information form filed and available on SEDAR at www.sedar.com.