

After Being Called Out, Wilks Brothers Admits to Newly-Weakened Offer

CALGARY, AB, Oct. 9, 2020 /CNW/ - Calfrac Well Services Ltd. ("**Calfrac**" or the "**Company**") (TSX: CFW) has reviewed the Notice of Change and Variation in the Wilks Brothers Takeover Bid filed on October 8, 2020 (the "**Notice of Change**") and the Wilks Brothers latest news release disinformation, and has the following observations.

The Notice of Change validates what Calfrac has suspected all along – the Wilks Brothers Takeover Bid is its primary tool in seeking to derail Calfrac's Amended Recapitalization Transaction. Calfrac has consistently stated that the Takeover Bid is a mirage intended to mislead shareholders into voting against the Amended Recapitalization Transaction, because the terms of the Takeover Bid will not be met.

The Notice of Change confirms that the Takeover Bid will not proceed if the original Recapitalization Transaction is completed in CCAA; which is exactly what will happen if the Amended Recapitalization Transaction under the CBCA is not approved by Shareholders at the meeting next Friday. Calfrac has agreed with a majority of Unsecured Noteholders to implement the original Recapitalization Transaction in a CCAA, and this IS the most likely outcome if Shareholder approval is not obtained. The Takeover Bid is highly unlikely to proceed.

Any Shareholder who has been misled by Wilks Brothers into tendering to the Takeover Bid can and should immediately withdraw their tender and VOTE FOR the Amended Recapitalization Transaction. Please contact the Company or Kingsdale Advisors at the coordinates below for help in changing your votes.

The Wolf is Forced Out of the Sheep's Clothing

Wilks Brothers announced amendments to its Takeover Bid on October 5, 2020, but sought to conceal the true conditions that would apply. In its release it stated: "Wilks is also announcing that it is adding a condition to the Premium Offer". Now, this morning it has somehow concluded that "Wilks Premium Offer contains no new conditions". Which one is it?

Wilks Brothers has engaged in half-truths and deceptions throughout this process. At the same time as it provided Calfrac with confirmation that the non-disclosure agreement negotiated between the parties in June had no remaining issues to be discussed and would be imminently signed, it was purchasing a blocking position in the Second Lien Notes. This strategy was the first step in seeking to impose its self-serving conditions on stakeholders, and pry away the segment of Calfrac's business that Wilks Brothers covets most, at an unprecedented discount.

Consensual restructurings like the one the Wilks Brothers is seeking to impose at the barrel of a gun are not realistic business outcomes. This is especially true when they are proposed by a party that has been intentionally misleading, and that has disregarded its contractual commitments (as confirmed by the same Court that will be tasked with approving the Amended Recapitalization Transaction).

Wilks Brothers has very recently boldly confirmed that its offer is a contract between it and Calfrac's shareholders that is unaffected by credit hierarchies or CCAA proceedings. Concurrently, Wilks Brothers has asserted several times that it would waive its condition that the Amended Recapitalization Transaction be terminated as a condition to its Takeover Bid.

By announcing a new condition, delaying the public disclosure of the details associated with it, and then concluding that no new condition has been inserted, Wilks Brothers continues to seek to mislead Shareholders in order to supplant the Amended Recapitalization Transaction.

Calfrac and its Shareholders have first-hand experience that shows Wilks Brothers cannot be trusted to stand behind its commitments.

What Should be Plain and Clear to Shareholders by Now

The Amended Recapitalization Transaction will be voted on by Shareholders next week. If the VOTE FOR is carried, then Shareholders will elect either \$0.15 per share cash (subject to possible proration) or shares, plus two warrants with a strike price of \$0.05 per share. If the Amended Recapitalization Transaction does not receive sufficient support, Calfrac has agreed to implement the original Recapitalization Transaction in a CCAA process. In a CCAA context, Shareholders will not be entitled to vote, and will not be offered any cash or warrants.

VOTING FOR the Amended Recapitalization Transaction still leads to the best outcome for Shareholders.

Why Will the Amended Recapitalization Transaction Proceed?

As has been disclosed multiple times, Unsecured Noteholders are still owed US\$431.8 million, plus accrued interest. Without Unsecured Noteholder support, there can be no recapitalization of the Company. The fact that holders of 78% of the Unsecured Notes have contractually agreed to VOTE FOR the Amended Recapitalization Transaction, and are **explicitly unwilling to support the Wilks Brothers proposals**, means that the only two recapitalization options that can be executed are the Amended Recapitalization Transaction (with Shareholder support) or the original Recapitalization Transaction (in CCAA, without Shareholder support).

The Board of Directors believes that the consideration of **\$0.15 per share cash plus two warrants per share**, under the Amended Recapitalization Transaction, is a significantly better outcome for Shareholders than a CCAA path. The Amended Recapitalization Transaction is a clear and certain path for Shareholders. The Wilks Brothers Notice of Change confirms Calfrac's view that the Takeover Bid conditions will not be met, and that Shareholders who tender to the Wilks Brothers Takeover Bid will therefore receive no cash.

What To Do Now? Act Before it is Too Late!

The best alternative for Shareholders is the same as it was before:

If Shareholders have VOTED FOR the Amended Recapitalization Transaction, then they should take no action.

If Shareholders have not yet voted, or wish to change their vote as a result of this new information, then they should VOTE FOR on the white proxy form.

Shareholders should TAKE NO ACTION with respect to the Wilks Brothers hostile Takeover Bid and DO NOT TENDER your Shares to it. Any Shareholder that has already tendered to the Wilks Brothers Offer should WITHDRAW their Shares immediately and, if they wish to receive cash, avail themselves of the cash election under the Amended Recapitalization Transaction, and also receive their warrants.

Calfrac has prepared a presentation for shareholders which can be found at the link below.

[Presentation for Shareholders](#)

Shareholders and Unsecured Noteholders are reminded that the meetings previously scheduled for September 29, 2020, have been postponed to October 16, 2020, and the deadline to vote is quickly approaching. Shareholders are advised to check with their intermediaries for their specific proxy cut-off to ensure they do not miss the opportunity to vote their shares for this important matter.

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 North America, or (ii) e-mail to contactus@kingsdaleadvisors.com.

Further details regarding the Amended Recapitalization Transaction are available on Calfrac's SEDAR profile at www.sedar.com and on Calfrac's website at www.calfrac.com.

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.

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 completion of the proposed Amended Recapitalization Transaction; potential outcomes for Shareholders, including in the event that the Amended Recapitalization Transaction is approved or not and the possible consequences of a CCAA proceeding; the executability of the Amended Recapitalization Transaction; the viability of and conditions to the Wilks Brothers Offer, including the value per share of the Wilks Brothers Offer under certain scenarios; potential outcomes if the Wilks Brothers Offer is successful or not; the potential motivations and intentions behind the Wilks Brothers actions and omissions; and Calfrac's expectations and intentions with respect to the foregoing.

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; the written statements of intention of the Consenting Noteholders; precedent decisions by Canadian securities regulators with respect to the scope of exemptive relief available under takeover bid legislation; 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, including the reaction of the market and Calfrac's Shareholders, creditors and customers to the Wilks Brothers Take Over Bid; decisions by Canadian securities regulators and/or Canadian and United States courts; 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 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 Management Information Circular dated August 17, 2020, as supplemented by the Material Change Report dated September 25, 2020, 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.